



Hu Yaobang: Candid and unpredictable

Hu Yaobang: Out of Deng's Shadow and in Spotlight of Scrutiny

By Daniel Southerland

BEIJING — Twice last week, Hu Yaobang, the head of China's Communist Party, made headlines throughout Asia, causing politicians and diplomats to study his every word.

While he would be well known to most Chinese and to many educated Asians, Mr. Hu is not widely recognized beyond the region. This is because he has long been in the shadow of his better-known mentor, Deng Xiaoping, China's foremost leader, and because until a few years ago much of what Mr. Hu did remained out of the public eye.

Yet Mr. Hu has now assumed enormous importance on China's political scene. Mr. Deng is 80, and Mr. Hu, at 69, is his chosen successor. What Mr. Hu decides over the next few years in concert with his senior colleagues will determine whether the economic reforms, introduced by Mr. Deng in a move away from Soviet-style central planning, will succeed or fail.

[China said foreign-owned banks may open offices to provide a wide range of services in four special economic zones. Page 17.]

Among Western diplomats, Mr. Hu's image is one of a lively and refreshingly direct leader. But he also has been known to make the diplomats' lives more difficult by being candid and unpredictable when he speaks publicly. Last week, Mr. Hu caused diplomats to scramble to determine the meaning of his remarks when he told journalists from Hong Kong and Macao

that, in order to normalize relations with China, the Soviet Union had to remove the obstacles that threatened the security of China's northern and southern frontiers.

By referring to China's southern border with Vietnam and its northern border with the Soviet Union, Mr. Hu seemed to de-emphasize the usual three obstacles that China cites as standing in the way of better relations with Moscow. According to a Hong Kong journalist who attended the meeting with Mr. Hu, the Chinese leader appeared to omit the Soviet intervention in Afghanistan.

Then, a day later, in an interview with journalists from Australia and New Zealand, Mr. Hu dropped a public bombshell by saying that the United States had agreed that U.S. Navy ships that are expected to make a goodwill port call at a Chinese port in a few weeks would not carry nuclear weapons.

As part of a long-standing policy, the United States has never previously made clear whether its warships carried nuclear weapons. But Mr. Hu seemed to say that the United States was making an exception for China.

Mr. Hu placed the Americans in an embarrassing position with their allies, none of whom has been able to get this kind of assurance on port calls. China, which is not an ally, seemed to be getting more in the way of assurances. It now appears that if China insists on such assurances, it could mean the cancellation of the port visit.

Mr. Hu began a trip to Australia and

New Zealand on Saturday, with 26 Chinese journalists following him.

[In Canberra, Mr. Hu assured foreign investors Tuesday that China would continue to do business with the West, and might even open its door wider. The Associated Press reported.]

[He said that "in the first 50 years of the next century we will catch up or approach the level of the world's advanced countries. Some people may ask whether our open-up policy will change. My answer is, no."

Mr. Hu is a small, wiry man, who chain smokes. Parris Chang, a U.S. scholar from Pennsylvania State University who met Mr. Hu in mid-1983, said Mr. Hu struck him as a personable individual, with an appealing directness and the same streak of earthiness that has also characterized Mr. Deng and Mao.

Within the Communist context, Mr. Hu has a reputation for being more tolerant of a diversity of views than do most Chinese leaders. But he is no democrat in the Western sense and clearly believes that Communist Party rule must go unchallenged.

Mr. Hu was judged to have been impetuous on one previous occasion. During his 1983 visit to Japan, he warned that if the United States failed to respond satisfactorily to Chinese protests over Taiwan, China would have to reconsider plans for an exchange of visits between President Ronald Reagan and Prime Minister Zhao Ziyang. In the end, the Chinese press toned down Mr. Hu's warning, and the visits went ahead as planned.

One of Mr. Hu's main tasks has been to

try to rehabilitate purge victims and revitalize a Communist Party that lost much of its prestige during the Cultural Revolution and its aftermath.

Mr. Hu was one of the first victims of the Cultural Revolution. In 1966, Mao criticized the Communist Youth League, which Mr. Hu then headed. Mr. Hu was accused of being a "capitalist road" along with Mr. Deng and others and was sent to be "re-educated" through labor. Mr. Hu later revealed that he had spent two and a half years living and working in a cattle barn. He was then allowed to return to his home but was kept under virtual house arrest for five years.

He re-emerged in the mid-1970s to work with Mr. Deng, particularly on science policy. He is reported to have written a controversial paper for Mr. Deng that recommended that scientists be freed from Mao's demand that they do manual labor.

Among educated Chinese, Mr. Hu has a reputation for encouraging artists and writers. He was reported to have told delegates from a Chinese writers conference early this year that it was up to them to elect their own leaders without having to receive guidance from the government.

But Mr. Hu is supposed to be fond of playing the "bourgeois game" of bridge. This was held against him and against Mr. Deng during the Cultural Revolution when the pair were accused of using entire railroad cars and special airplanes to ferry bridge partners around the country. Ahead of the end of 1983, Mr. Hu took the unusual step of revealing some of the de-

tails of his family life. The private lives of Chinese leaders are usually kept secret, at a press conference before his trip to Japan, Mr. Hu disclosed that he had 1 children and five grandchildren. He said that all his children and their spouses, except one, had attended universities. Children include a historian, an economist, a doctor, and a member of the People's Liberation Army. Mr. Hu's wife is reported to be retired textile factory manager.

Details of his early life are sketchy, according to Chinese publications, his parents were poor peasants living in Hun province in an area of heavy Communist activity during the 1920s. Mr. Hu's home was located 75 miles (about 120 kilometers) from the birthplace of Mao.

At the age of 14, Mr. Hu left home to join the Communists in mountain base as a child soldier. Largely self-educated, did propaganda and organizational work later rising to become secretary-general of the Communist Youth League.

During the famous Long March, Mr. Hu was in charge of the youth league, later of one of the red army units. Later a political commissar, he must have had Deng Xiaoping, who was chief political commissar of one of the red army's principal units.

■ Another Disclosure

Chinese officials traveling with Mr. Hu have revealed to local journalists the secret of the small round object he keeps on his belt. It is a pedometer that monitors amount of exercise he takes, Reuters reported from Canberra.

Truck Shortage Delays Food Aid to Ethiopians

By Blaine Harden

ADDIS ABABA, Ethiopia — A severe shortage of trucks has created a backlog of famine relief at Ethiopia's ports and warehouses, has caused shortages at many food centers and has threatened to undermine an international effort that is now sending more than 100,000 tons of food a month into the country.

Fearing that food would spoil on Ethiopia's docks, Kurt Jansson, the UN assistant secretary-general for emergency operations in Ethiopia, threatened this month in a letter to the Ethiopian government to postpone food shipments unless the truck shortage was resolved.

The government responded Monday by promising to send 200 trucks to the port of Assab, where, Mr. Jansson said, 65,800 tons of food are waiting on the docks and 137,500 tons will arrive on ships due within the next month.

Even with this move, "there are just not enough trucks in this country," according to Roman Roos, chief transportation official for the UN emergency operations in Ethiopia.

Mr. Roos plans to appeal to international donors next week for 450 long-haul trucks worth \$33.5 million.

The shortage of trucks to haul food aid has been exacerbated, according to relief officials, by the need to use trucks to carry seed and fertilizer to the three million Ethiopians affected by the famine who have not abandoned their farms.

In addition, relief officials said that trucks have been diverted to assist in the government's resettlement plan, under which more than 330,000 people have been moved in the past five months from the central highlands to lowlands in the southwest.

Ethiopian officials have said the resettlement was aimed at moving drought victims to more fertile land. But Western donors, particularly the United States, have opposed the moves, charging that Ethiopia is ill-prepared to feed, house and provide medical care for the 1.5 million people whom the government has said it would move by the end of this year.

The famine, which has affected 7.7 million people, has created a need this year for 1.3 million tons of emergency food, according to government estimates.

According to Mr. Jansson, the timing of deliveries of the food is as important as the equipment needed to deliver it. "We have people who haven't yet abandoned their farms, who each month walk or come by donkey to a distribution center to pick up a ration of food," he said.

"If there is food when they arrive, they can return home."

He added that the rainy season in June would make many famine-stricken regions impossible to reach.

The management of the aid has deteriorated since large shipments began arriving here in January, according to UN and Western aid officials. They said this was partly the result of a power struggle within the Marxist military regime. The struggle, they said, is between the governing Communist Party, the Workers Party of Ethiopia, and an agency called the Relief and Rehabilitation Commission.

According to senior Western aid officials, party leaders in rural areas have overruled some commission distribution decisions in recent months, in some cases diverting food and trucks from feeding centers in the north to resettlement camps in the south.

Algeria Told It Can Buy U.S. Weapons

By David B. Ottaway

Washington Post Service

WASHINGTON — The Reagan administration has decided to allow Algeria to purchase arms from the United States for the first time since that North African country's independence 23 years ago, State Department officials said Monday.

The decision, consisting of a presidential decision declaring Algeria eligible, was made April 10, apparently in preparation for a four-day state visit by President Chadli Bendjedid of Algeria that began Tuesday.

A State Department spokesman, confirming the report, said Algerian arms requests would be considered by the administration "on a case-by-case basis" and in a manner "consistent with the U.S. interest in peace and regional stability."

This apparently was an allusion to the rivalry between Algeria and Morocco, a close U.S. ally, and military ally in North Africa. This rivalry has been complicated by Morocco's war with the Algerian-supported guerrillas seeking independence for the Western Sahara.

The State Department on Monday told Ambassador Mohamed Sahnoun of Algeria of the U.S. decision. He said Algeria was interested in purchasing weapons to reduce its dependence on the Soviet Union, long its main arms supplier.

Mr. Sahnoun said Colonel Chadli was not coming to Washington with a shopping list. But he indicated that Algeria was generally interested in military aircraft, electronic equipment and radar.

"We don't have a specific list of items we want to acquire right away," the ambassador said.

The United States has sold Algeria C-130 transport planes and has approved a \$50,000 military training program for Algerian officers this fiscal year.

This is the first time that the government has declared Algeria eligible to obtain general defense equipment under the Foreign Military Sales Program, which provides foreign governments with credit and concessional interest rates, if needed, to help finance the purchases.

Reagan Urged To Ease Stand

(Continued from Page 1)

up his campaign Monday with a declaration that defeat of his aid request would be "literally a vote against peace" in Central America.

White House officials acknowledged that Mr. Reagan has failed to marshal the votes he needs in either chamber. But the president remained determined despite a decision that he not invest all his political capital in a fight he might lose.

With the first vote expected a week from Tuesday in the Senate, Mr. Reagan hammered away at the "brutality" and "scorched-earth policy" of the Marxist-led Sandinista regime in Managua and defended his support for the rebels.

The message, reinforced by two Nicaraguan refugees — a 29-year-old who clung to Mr. Reagan as the audience cheered him and an 8-year-old girl who presented him with a picture of refugee children — was the argument Mr. Reagan was expected to use in public and private over the days to come.

But outside the hotel, about 100 people protested the president's speech.

Mr. Reagan said rejection of his recent aid package, which would provide the rebels with only humanitarian assistance if the Sandinistas agreed to a cease-fire and peace talks, would be "a rejection of all the forces of moderation" in Nicaragua.

"To do nothing in Central America is to give the first Communist stronghold on the North American continent a green light to spread its poison throughout this free and increasingly democratic hemisphere," Mr. Reagan said, in an evident reference to Cuba.

South Africa Gets a Mixed Reaction On Move to Alter Apartheid Laws

Reuters

JOHANNESBURG — South Africa's decision to repeal laws banning sex and marriage across racial lines has been acclaimed internationally but sharply criticized by opponents of the government inside the country.

The announcement Monday in Parliament by the internal affairs minister, F.W. de Klerk, had been forecast as a major step in the government's stated intention of reforming its racial segregation policies, known as apartheid.

The U.S. government responded rapidly to the announcement. A spokesman said that the Reagan administration was "heartened by such a move."

Britain also applauded the decision.

"We naturally welcome the dismantling of this offensive aspect of apartheid," a Foreign Office spokesman said. "This decision reflects changing attitudes in South Africa which are to be encouraged."

Mr. de Klerk said that international pressure against apartheid played little part in the move.

In an interview on U.S. television beamed from Cape Town, he described the decision as internal and part of a reform process. But he said, if it helped "convince our friends abroad that we are not what we are made out to be, then we are very glad to have that as a bonus."

He told Parliament that laws segregating residential areas and facilities for different races would remain in force.

Beyers Naude, general secretary of the South African Council of Churches and a leading opponent of apartheid, said: "It's a case of too little, too late, from the viewpoint of blacks."

A white woman, married to a South African Indian, also scorned the announcement as a cosmetic change, saying that legislation would not alter the attitudes of whites who reviled any member of their own race who dared to stray across racial lines.

"The only thing that this does mean is now we will not have policemen smashing down our door in the middle of the night," she said.

South Africa's justice minister, Hendrik J. Coetsee, said Tuesday that all prosecutions under laws banning sex and marriage between races had been halted. He said that charges pending against 27 persons under the laws would be dropped.

Political analysts in South Africa said that the announcement of the repeal could herald a more rigorous attitude to apartheid rather than further reform.

Professor Robert Schrire, director of Applied Political Studies at Cape Town University, said: "We shall probably see a concerted government action to dampen expectations on reform. There is no way South Africa can satisfy international demands."

■ Shultz Comments Move

Secretary of State George P. Shultz on Tuesday commended steps by South Africa to dilute its racially discriminatory policies but said "these changes are not enough." United Press International reported from Washington.

"Serious inequities continue: repression, detentions without trial, and the prospect of treason trials for some black leaders," Mr. Shultz said in remarks prepared for delivery to the National Press Club.

Earlier, in Johannesburg, South Africa's foreign minister, K.F. Botha, criticized U.S. remarks.



Beyers Naude

"We cannot escape the impression that the United States refuses to judge South Africa within the framework of the African continent," Mr. Botha said.

■ Angola Move Described

Mr. Botha said Tuesday that the political advantages of withdrawing South African troops from Angola outweighed the security risks involved, Reuters reported from Cape Town.

Mr. Botha announced Monday that his country would withdraw its forces from Angola by the end of the week. He declined Tuesday to rule out a re-occupation of Angolan territory in the event of increased activity by guerrillas in South-West Africa, the territory also known as Namibia.

Mr. Botha did not elaborate on his statement but official sources said that the South African government feared a move by Angola to call a Security Council meeting at the United Nations to demand a South African pullback.

Reagan Visit Is Expanded

(Continued from Page 1)

intended to cement 40 years of friendship between a free West Germany and the United States, he said. "That's why I accepted the invitation to Bitburg and that's why I'm going to Bitburg."

■ Deaver Confers in Bonn

A White House official met Tuesday with West German government aides on adding a ceremony to the May visit, United Press International reported from Bonn.

Peter Boenisch, the West Ger-



Michael K. Deaver

man government spokesman, said Tuesday at a news conference that Mr. Reagan's deputy chief of staff, Michael K. Deaver, was discussing the visit agenda with Horst Teltschik, a close aide to Mr. Kohl.

Mr. Boenisch read a letter sent recently from Mr. Kohl to Mr. Reagan acknowledging that Jewish objections to the Bitburg ceremony were strong but "understandable."

He said that he was returning to his earlier suggestion to Mr. Reagan that an additional visit to the Dachau concentration camp or another "Jewish memorial" should be included in Mr. Reagan's schedule.

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FLYING TRAPEZE — President Ronald Reagan takes time off from lobbying Congress to see a three-ring circus with children from a Washington elementary school.

Toy Time in Space Defies Expectations

New York Times Service

CAPE CANAVERAL, Florida — When they were not working with their high-technology gear on Monday, the Discovery astronauts took time out to play with their toys. They found that their yo-yos, jacks, Slinky, and mechanical mouse did some peculiar things in the weightlessness of space flight.

One astronaut tried to juggle some oranges and apples. But they just hung there suspended in mid-air. He had to move them about like chess pieces.

Dr. M. Rhea Seddon had trouble with her ball and jacks. The jacks floated all over the cabin, while she

was chasing the ball that would not come back to her.

She also found that the Slinky toy did not behave the way it does on Earth, sinking down steps once it is set in motion. "It won't sink at all," Dr. Seddon said in a telecast. "It sort of droops."

The mechanical mouse, however, showed unearthly energy in orbit. It flipped up and over, rapidly and often, in the virtual absence of gravity. The astronauts nicknamed it the "Rat Stiff."

Observing the mouse's gyrations, Captain Donald E. Williams said: "It's a good thing Rat Stiff doesn't

get dizzy — otherwise he'd have a tough time in space."

Senator Jake Garn, the Utah Republican who is aboard as a congressional observer, made a paper plane and sailed it smoothly through the cabin.

The toy demonstration was not so much for the pleasure and relaxation of the crew as for the education of school children. As planned by the Johnson Space Center and the Houston Museum of Natural Science, the video of the toys in space will be shown to students to pique their interest in some basic principles of physics and the phenomenon of weightlessness.

New Zealand Base Sinks Into Desert

WELLINGTON, New Zealand (AP) — Officers have sent a distress signal to the Ministry of Works because a navy communications base is sinking into the ground in New Zealand's volcanic desert region.

The Irirangi naval base, 124 miles (200 kilometers) north of Wellington, has the same designation as a ship and has 85 sailors aboard. The main transmitting station of the landlocked base began sinking into the ground when a heavy air conditioning unit was installed on the roof to control the temperature of electronic equipment.

A navy spokesman said doors began to jam and several windows broke or fell out as the building sank about four inches (10 centimeters).

UNESCO Deputy Chief Resigns Post

PARIS (APF) — The UNESCO spokesman and deputy director-general, Gerard Bolla, announced Tuesday his resignation from both functions.

Mr. Bolla, a Swiss citizen who joined the United Nations Educational, Scientific and Cultural Organization in 1955, assumed the posts last year. He gave no reasons for his decision, and there was no immediate indication as to who would succeed him.

UNESCO is trying to cope with a budget deficit caused by the withdrawal of the United States at the end of last year. The organization has been accused of becoming too political and of squandering its resources.

Supreme Court Protects CIA Sources

WASHINGTON (AP) — The CIA and other U.S. intelligence agencies are free to conceal from the public the identities of all their sources, the Supreme Court ruled Tuesday.

The court, by a 7-2 vote, gave the director of Central Intelligence unlimited power to protect not only secret agents but all other sources of information, classified and unclassified. That includes the names of private scientists and researchers and even academic journals.

The decision overturned a lower court ruling that could have forced the CIA to disclose the names of college researchers and others who contributed to a project in the 1950s and 1960s that involved brainwashing and such experimental drugs as LSD being administered to unsuspecting individuals. At least two persons died because of the experiments.

Murphy Given Petition Backing PLO

JERUSALEM (Reuters) — A group of Palestinian leaders gave the U.S. assistant secretary of state for Near Eastern and South Asian affairs, Richard W. Murphy, a petition Tuesday saying they viewed the PLO as the sole representative of the Palestinian people.

The petition, copies of which were made available to reporters, called for the establishment of a Palestinian state. It was signed by 22 Palestinian leaders from the occupied West Bank and Gaza Strip.

Mr. Murphy also had talks Tuesday with the Israeli defense minister, Yitzhak Rabin, and senior officials of the Foreign Ministry.

For the Record

U.S. and Soviet arms control negotiators held separate sessions Tuesday in Geneva on medium-range nuclear missiles and space weapons, a U.S. spokesman said.

(Reuters)

The U.S. Supreme Court agreed Monday to hear appeals in cases involving the power of states to restrict abortions and the constitutionality of voluntary affirmative-action plans for public employees.

(AP)

A Cyprus-owned supertanker, the 122,841-ton Kypros, was hit by a missile Tuesday near the Iranian coast and was in flames in the Gulf, the Lloyd's Shipping Registry reported. No injuries were reported.

(Reuters)

All 11 persons on a Thai Airways Boeing-737 were killed when it crashed into a hill in southern Thailand Monday, airline officials said Tuesday.

(AP)

Herald Tribune

Published With The New York Times and The Washington Post

Please, Take Our Subsidies

The owners of big American-built oil tankers are begging to give back some \$400 million in government subsidies. But they are having a hard time persuading Washington to accept the cash. The chronicle of their difficulties is a dreary study of government at its worst.

It costs far less to build a ship in a foreign shipyard than in the United States. Yet some Americans are afraid that foreign competition will destroy the commercial shipbuilding industry. They have gone far with the dubious theory that the industry is essential to national defense. That is how Congress came to spend hundreds of millions in the 1970s to subsidize fully half the cost of building 29 oil tankers for the international trade. But even with these subsidies, the tankers have not turned a profit.

The only American tankers making money today are the ones carrying oil from Alaska to U.S. refineries in the lower states. They are highly inefficient but manage a profit because they have a captive market. Oil companies are barred by law from selling Alaskan crude abroad and must use American-built ships to carry it to American refineries.

Not surprisingly, therefore, the owners of the subsidized international fleet would like to get into this lucrative Alaska market. But when Congress decided to subsidize their ships, it insisted that they would have to stay out of domestic competition. So the internationals

are begging to give back their subsidies.

The Transportation Department tentatively agreed two years ago to take the deal, with interest, and let the big tankers into the Alaska trade. But the owners of the rust buckets now serving Alaska protested bitterly. If they were driven out of business, they argued, the Navy would no longer have their ships to use in wartime. The Transportation Department properly dismissed that claim. If barely seaworthy tankers are needed to fight the next war, it concluded, let the Pentagon buy them for scrap value and keep them in mothballs.

The real question was whether the Alaska shippers deserved precedence over the taxpayers who subsidized the international tankers.

And the answer to that, it concluded, was easy. But the story did not end there. The Alaska fleet steamed up to Capitol Hill and got Congress to prohibit the deal. And it wants the prohibition renewed when it expires on May 15. Given the budget deficit, Congress, too, is likely to yield to common sense. But that still leaves the White House, where highly placed friends of the Alaska tankers are trying to persuade the National Security Council to renege the threadbare argument about national defense. Is the administration serious about reducing waste and making the economy more competitive?

—THE NEW YORK TIMES

Genocide Treaty: Year 36

It seems right that, in the month the liberation of the German concentration camps is being commemorated, the U.S. Senate will again consider the Genocide Treaty. The pact, which is in part a response to the Holocaust, has been accepted by 96 countries, but not by the United States. For 36 years the Senate has refused to consent to ratification, first because of fears that the United States would be accused of genocide because of segregation, and later because of similar fears concerning its actions in Vietnam.

Last year, supporters of the treaty were given a boost when President Reagan pressed for ratification. The treaty was approved on a 17-0 vote by the Foreign Relations Committee, but it never came to a vote on the floor because time ran out. Instead, the Senate adopted a resolution supporting the principles of the agreement and urging prompt consideration this year. The Foreign Relations Committee is expected to vote April 23, which will leave plenty of time for a floor debate, if needed.

Senator Jesse Helms, who did not oppose the treaty last year, has raised some questions about its provisions that may delay consideration. Mr. Helms asserts that the rights of Americans might be jeopardized under the treaty because, by its terms, the World Court is

authorized to hear cases concerning its interpretation. The World Court, of course, is not a criminal tribunal, and no one can be tried and punished for acts in violation of the treaty in that forum. Moreover, it does not have the power to enforce its judgments and must rely on the Security Council of the United Nations, where the United States has a veto, to apply sanctions. Nevertheless, Mr. Helms has indicated his intention to offer a reservation that would take the World Court out of the treaty entirely. Even worse, he has persuaded the administration to accept his terms in the interest of speeding Senate consideration.

The Helms reservation is an old ploy used time and again by those who want to sink the treaty by frightening their countrymen. There is absolutely no threat to any American in this treaty, and it is ridiculous to try to persuade citizens that they will be at the mercy of foreign judges if it is ratified.

The United States can honestly and proudly affirm its abhorrence of genocide by agreeing to the treaty. Continued reluctance to consent to ratification simply gives others grounds to question the sincerity of the American commitment to human rights. The public has done nothing to deserve such a slur.

—THE WASHINGTON POST

In Illinois, Justice on Trial

If Gary Dotson did not commit the rape for which he is serving 25 to 50 years in an Illinois prison, he has to be the most forgiving prisoner imaginable. He forgives Cathleen Crowell Webb, who now says she falsely accused him of raping her six years ago when she thought she was pregnant at age 17. Though distraught that the trial judge has refused to set aside his conviction, he says he understands that he has an uphill battle because courts resist pleas based on recantations.

There is, however, more at stake here than this man's anger, or lack of it. Confidence in American justice cannot rest easily when he is sent back to jail on the word of a woman who is, one way or the other, an acknowledged liar. Judge Richard Samuels, who presided at the original trial, refused to credit Mrs. Webb's recantation in part because the judiciary needs finality in its judgments. But merely incanting such truisms will not resolve this case.

Most state courts share Judge Samuels' wariness of repudiated testimony. They seem to fear that a witness might be turned around by bribery, coercion or belated sympathy for

the defendant. They must guard against fraud on the court. But if Mrs. Webb is telling the truth now, the fraud lay in her 1977 testimony. Some of the judge's remarks from the bench made him appear more interested in defending the 1977 verdict than in determining whether he and the jury were victimized by Mrs. Webb.

Courts have rejected recantations in other cases, but usually for better reasons than Mr. Samuels gave. For example, an accomplice in a robbery case who later swears that his friend had nothing to do with the crime is routinely disbelieved. But none of the precedents cited by the judge involved the changed testimony of the complainant, the supposed victim.

If the Illinois court system cannot convincingly and this case soon, Governor James Thompson may have to contain the damage by commuting the sentence. Once convicted, a defendant may fairly be required to prove that the verdict rests on perjured testimony. But it is hard to imagine what Mr. Dotson could do to carry his burden. His case continues to burden the conscience of the state.

—THE NEW YORK TIMES

Other Opinion

Thatcher: Boosting or Bashing?

When British Prime Minister Margaret Thatcher embarked on her grueling 11-day tour of Southeast Asia she probably had little idea that her remarks 10,000 kilometers away would cause so much controversy back in Britain. But she returned home Sunday to find herself the center of a storm over whether her trip was designed to boost or bash Britain.

What caused the row was Mrs. Thatcher's strident style in trying to reassure potential markets in Southeast Asia that the British

economy is not the mess a lot of people believe it to be. She resorted to some harsh rhetoric about the trade unions in general and the coal strike in particular. This prompted bitter attacks from the socialist opposition who accused her of engaging in domestic politics abroad and using the trip to gloss over the defeat of the coal miners.

Mrs. Thatcher may well be "Battering Britain." But she can expect more than her share of political bouncers in the coming weeks from an increasingly hostile opposition.

—The Bangkok Post

FROM OUR APRIL 17 PAGES, 75 AND 50 YEARS AGO

1910: Indian Cites White Man's Debt

NEW YORK — Little Bison was the picturesque feature of the luncheon of the League for Political Education in the Hotel Astor. Magnificently attired in what has ceased to be the costume of his race, with head decorated in trailing feathers, he calmly informed the white man in substance: "You have taken everything from us that made life good — our buffalo, our deer and our lands and have given in exchange an education which is theoretical, but not practical. So you still owe us something." Little Bison is the son of Chief Big Foot, a Sioux killed at the battle of Little Big Horn. He studied in the University of Texas and for 20 years has worked for his people. He asserted there is nothing for them in the United States.

1935: 25,000 Exiled From Leningrad

LENINGRAD — At least 25,000 persons have been exiled from Leningrad to Siberia or other remote regions of the U.S.S.R. since the general clean-up in the old Czarist capital of the members of the former "ruling classes" which began early last month. The figures include members of the families of those designated for exile. No mention of the Leningrad clean-up has been made in the Soviet press since the announcement March 19 that 1,074 persons who played conspicuous roles under the old regime, including members of the nobility, had been arrested and were being exiled "eastward." Tourists arriving from the Orient report having seen whole train-loads of exiles moving eastward under armed guards.

Reagan's Economic Revolution: Will It Come to Pass?

By Herbert Stein

WASHINGTON — In his State of the Union Message, President Reagan held out the prospect of a Second American Revolution. At the time, I thought the phrase was exceptional hyperbole, even for the occasion. Other presidents have offered various "Deals" (Square Deal, Fair Deal, the life span of a Deal is four or eight years) — but if Mr. Reagan truly intended another American Revolution, he would be offering something that comes around only every 200 years or so. Thus, the more realistic question remains whether we are about to have the first Reagan Economic Revolution.

In Ronald Reagan's first term, there had been expectations of such a revolution. There would be a shift of national priorities to defense and economic growth and away from consumption and redistribution of income. There would be a restoration of free markets and a radical reduction of government regulation. Inflation would be ended and a predictable, stable dollar restored.

In all of these directions, steps were taken. An expanded defense program was launched. Some of the most growth-inhibiting features of the tax system were corrected. Economic regulations were relaxed or eliminated, notably in the energy field. Inflation was slowed. But this did not add up to a revolution.

Why? Because what was done was too limited and too vulnerable. The upward trend of nonmilitary spending was slowed but not stopped. Domestic programs were cut, but programs and agencies were not abolished. They remained alive, to grow again when the political atmosphere became more favorable. Alongside the deregulation of some economic sectors were major moves toward increased regulation of foreign trade. Although the inflation rate was reduced, nothing was done to prevent a recurrence of the wave of inflation that had begun inconspicuously in the mid-1960s. There were no durable changes in rules, techniques or institutions that made mon-

etary policy. And the big tax cut was largely wasted. Tax reduction had provided an opportunity for making tax reform painless by giving taxpayers a reduction in rates in exchange for giving up loopholes, but the opportunity was not seized.

The whole first-term economic policy was threatened by the big and increasing budget deficit, which raised federal outlays for interest faster than other expenditures could be reduced. Concern over the deficit strengthened pressures for restraining the rise in defense outlays — pressures to which Mr. Reagan made some concessions. Worries about the deficit made the tax future uncertain because there was a common skepticism about the government's ability to deal with the deficit for long without a tax increase. The deficit con-

tributed to fears of renewed inflation and, indirectly, to demands for protectionism, because the deficit helped make the dollar's exchange rate high and thus encouraged imports.

Had the Reagan administration ended on Jan. 20, 1985, we could not be certain that it would leave a lasting mark on economic policy — or, at least, not the kind of mark that the Reagan team would have liked. Since any Reagan Economic Revolution will have to be made in the second term, an examination of the prospects shows that the possibility of success has been raised by three developments since the election.

First, the Treasury's tax reform plan (a modified version of which Mr. Reagan plans to introduce next month) constitutes the biggest move toward equity and efficiency in the

federal income tax since that tax was introduced in 1913. It is a free-market tax plan in that it would try to treat income from different sources equally — or more equally than at present — so that taxes would not be so large a determinant of which industries thrive and which do not.

The Treasury's plan tries to reform the tax system under an extremely difficult constraint: It envisions no room for reducing revenue. Since tax reform inevitably shifts the burden of taxes among individuals, if there could be no net reduction in revenue, then some taxpayers would have to pay more. The Treasury nonetheless faced up to this difficulty, undoubtedly emboldened by the various congressional proposals for a more or less flat tax. All of these plans had the advantage (too heretical to mention,



Yes, Mr. Weinberger, About Those 'Misconceptions'

By Philip Geyelin

WASHINGTON — Making the most of a captive audience at the annual meeting of the American Society of Newspaper Editors, Defense Secretary Caspar Weinberger asked the people who decide what is news to help clear up "misconceptions" about the Strategic Defense Initiative. Very well, let us begin with basics.

The latest high technology is the name of the Pentagon game. The strategists, the field commanders, the procurement officers all play it, all the time, with willing collaborators: scientists whose zest for technological breakthroughs is more than matched by their appetite for the wherewithal. But nobody has more wherewithal than the government. This makes for a happy marriage between the Pentagon, the scientists, and private industry looking for spinoffs from government-financed research.

In Europe, there also exists what one French strategic planner (building on Eisenhower's warning) describes as a "military-industrial-space complex" — a public and private collaboration whose elements flourish by feeding on each other in the name of national security and free enterprise.

There was, then, a live constituency ready to welcome the president's announcement of plans for a "comprehensive and intensive effort to define a long-term research and development program" to develop a nuclear-defense system based partly in space. All but lost in transmission was any sense that the president was doing was giving a considerable boost to research and development efforts that had been under way for years.

Now it is true that the president's "star wars"

budget request of \$26 billion over five years would be a doubling, according to experts, of the spending rate previously contemplated. But even so, the president was careful two years ago to speak in speculative, futuristic, turn-of-the-century terms. That, too, has been lost in transmission. As the administration turns up its sales pitch, it also adds variety in a way that puts today's case for SDI strangely at odds with the original vision.

If the nation's editors are to help clear up misconceptions, then they are going to require help. First impressions do matter. And the first impression conveyed to the American public, Congress and the European allies — not to mention the Russians — was that the United States was onto something genuinely new. The lines dividing research and development from testing and deployment were thoroughly blurred.

Within a week of his March 1983 speech, the president elaborated: If the United States cracked the case and came up with a workable, leak-proof defense against nuclear weapons, a future president could share the technological secrets with the Russians. Then everybody would be protected by a nuclear "bubble" and, presto, we would have a world free of the threat of nuclear war.

The first result was a raging debate among scientists, with enough weight on the side of the skeptics to raise serious questions about whether any foolproof system could be achieved in any foreseeable future, and never mind whether the United States could conclusively steal a march on

the Russians so decisively that it could afford to pass the technology along.

So we do not hear any more about that. Rather, we hear the opposite: that the Russians are stealing a march on the United States, that they are well ahead in research on lasers and particle beams and more conventional anti-missile defenses. That has now become the main argument for why the United States must redouble its effort to catch up.

It is not a bad argument. Not even the uneasy Europeans oppose research, the more so since they are being offered something in the way of hush money: a piece of the research action by competing the bidding. But the Europeans led most vocally by Prime Minister Margaret Thatcher of Britain but also by the quieter and earlier efforts of the French, are more explicit about the lines between research, testing and deployment.

They know the momentum of these matters, the high cost of early development, and the disinclination to raise questions about sending good money after bad. Rather, the argument usually goes that those early investments are argument enough for pressing on. So the Europeans, and a good many Americans, are not entirely reassured by the administration's vision of a gradual, safe transition from a strategy of deterrence by the threat of retaliation to a strategy of nuclear defense.

And not the least of the reasons for this disquiet has to do with "misconception" of the administration's own making: a confusion between the poetry of nuclear disarmament and the prosaic business of research looking to a state of the art and of the world that nobody now foresees.

Washington Post Writers Group

Turkey: The Generals Are Still There

By Colman McCarthy

WASHINGTON — When you are visiting Washington looking for billions in aid to refurbish your military, other issues, such as which political prisoners are languishing in jail, tend to get lost.

Turkish Prime Minister Turgut Ozal recently paid a state visit to the Reagan administration. He was well prepared to explain why he and the Pentagon believe that the Turkish government needs more weapons and military aid to help clear up misconceptions, then they are going to require help. First impressions do matter. And the first impression conveyed to the American public, Congress and the European allies — not to mention the Russians — was that the United States was onto something genuinely new. The lines dividing research and development from testing and deployment were thoroughly blurred.

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Armenian terrorism against Turkish diplomats, an economy in which per capita income remains at about \$1,300 a year. Mr. Ozal is a personally gracious man who deserves large credit for trying to be a conciliator. He said that censoring Mr. Miller and Mr. Pinter was a mistake, and he would not have approved the decision had he been in the country at the time.

But here is the heart of the problem. One human rights group after another — Amnesty International, the U.S. Helsinki Watch, the Committee to Protect Journalists, PEN International — has recently sent delegations to Turkey and reached the same conclusion: Despite the integrity and democratic aspirations of people such as Mr. Ozal, the power of the military and its martial law remains.

It says a lot that the martial law command could order the censoring of the Miller-Pinter press conference. Mr. Ozal suggested that it was a stupid decision. He said that the findings would not have been big interna-

national news of themselves. Instead, the censorship became the news.

Mr. Ozal is said to be sympathetic to human rights victims. He is not dictatorial. Turkish journalists say that under Mr. Ozal censorship has decreased. The best-selling book in Turkey, "The 12th of September" by the journalist M. Ali Bircan, is critical of the military. The newspaper magazine Nöbet has just carried a cover story on torture. The editor of a news organization says that censorship orders, which in 1980 came almost daily from the martial law command, now come once or twice a week.

Mr. Ozal wants to create a free-market economy. It cannot happen unless there is also a free press and freedom for groups such as the Peace Association. Human rights violations should be easily solvable. But with the generals still sharing power and often using it unthinkingly, what Arthur Miller said remains true: "There is either democracy or none of it."

The writer is on the board of the Committee to Protect Journalists. His columns are syndicated by the Washington Post Writers Group.

These steps were all politically courageous because they antagonized powerful constituencies, important groups that would have to pay more taxes, give up government benefits or face more competition. But no one ever said the Reagan Economic Revolution would be bloodless. In fact, the basic reason for the failure to achieve the revolution in the first term was the unwillingness of its proponents to accept the fact that there would have to be pain and sacrifice.

The same opposition that makes the new policies courageous also makes the outcome doubtful. There have been the predictable outcries about the tax reform proposals. On the expenditure side of the budget, the president already has felt it necessary to compromise with his own team — the Senate Republicans — by accepting cuts in the military program and foregoing some reductions he wanted in the rest of the budget. How far he may yet go in compromising with the Democrats is unknown.

Finally, despite the president's small moves to liberalize trade, the country is bathed in protectionist talk of a vindictive trade war in 50 years. The Reagan Economic Revolution may yet fizzle out. But at least bold steps were taken, and the ball game is not over.

The writer, chairman of the Council of Economic Advisers in the Nixon and Ford administrations, contributed this view to The New York Times.

LETTERS TO THE EDITOR

Responsibility for Bhopal

Regarding "Unanswered Questions in Bhopal May Be Crucial to Carbide's Credibility" (March 22):

Thomas J. Lueck's report errs in its logical construction. While Union Carbide certainly has a large liability in the matter, Union Carbide U.S.A. is correct to push the blame onto the Indian affiliate, for that affiliate had the accident. And, according to the normal principles of law, Indian law should be applied first. This is relevant in that the Indian officers, directors and owners must bear a share of the responsibility. Indeed, Indian regulators and inspectors must also face culpability.

Having said that, it is true that only Union Carbide U.S.A. has the resources to make a fair compensation for its affiliate's gross negligence.

Another point, that developing nations should think twice about accepting continued multinational investment, is a leap of logic. To do so would be foolish for a developing economy. One should argue that developing nations must insist upon stricter safety standards, and encour-

age multinationals to build better quality staffs. Too many developing states are lax with foreign investors at the start. The planning ministries are more concerned with creating jobs, building reserves or taking kickbacks than with worker safety.

Nonetheless, the successful partnerships of developing countries and foreign investors have built America's railroad, Japan's auto industry and Asia's Green Revolution.

STEVEN T. THOMAS
Manama, Bahrain

Scargill's Version

Regarding the report "Strike Succeeded, U.K. Mine Leader Tells Russians" (March 29):

Arthur Scargill was able to tell the Russian miners his coal strike was successful by redefining its aims after the fact — a laudable trick in the West, but unfair to news-starved workers in the Soviet Union.

I wonder if Mr. Scargill has ever asked himself why the Russian unions don't go on strike?

FRANK L. GROSSMAN
Hawaii, Kuwait

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ARTS / LEISURE

Alpha Blondy, a Touch Messianic, Re-exports Reggae, Peace Message

By Michael Zwerin
International Herald Tribune

ABIDJAN, Ivory Coast — Alpha Blondy regularly draws crowds of 30,000 in western Africa, where he is hailed as something of a messiah, and he is more than a touch messianic.

"The rich are crying, the poor are crying," he says, eyes burning, crooning, poised to leap from the floor. "So I say, 'Let everybody dry their tears.'"

A generation of young Africans has apparently been waiting for an African Bob Marley to deliver the Rastafarian message in African terms. Now, just when reggae appeared dead as disco, along comes Alpha Blondy.

The Rasta culture and its music, reggae, have had a great influence on African youth, particularly on the west coast, which is closest to the music's birthplace, Jamaica. The roots of reggae and Rasta are African; now reggae is back to be re-exported by a black man named Blondy who sings in French, English and his tribal language (he was born 32 years ago in the northern Ivorian town of Korhogo).

The result is a broad, free cultural mélange of root, trunk and branch.

He has been criticized for flying Jamaican colors on stage. He responds: "All music grows on the same tree. I sing reggae because God is in that music. I do not sing about 'I love you'; that is prostitution. There is only one subject

worth singing about: 'Put down your guns.'"

"I try to reach the intelligence behind the guns. Arabs and Jews are cousins, Iraqis and Iranians are cousins. Who put the worm in the apple?"

He jumped up and raised his arms high in a mixed gesture of surrender and greeting: "This is how I arrive on stage, to show the people, 'You see? I am unarmed.'"

Returning to a crouch, sitting on his haunches, shifting weight from foot to foot while talking nonstop amid a clattered array of musical instruments, he stared unblinkingly at an intensity that transmitted the next word before it was uttered: "Listen, yes, they call me crazy."

"I am happy to be so. I believe that every person is God. I believe in the God I can see. I see God in you. And do you know where I came to accept my craziness? Under psychiatric care. Yeah, man — a mental hospital. I was in Bellevue."

He was thrown out of school in Korhogo (which was just as well because "I got hit once too often") and went to Monrovia, Liberia. There he taught English, his one strong subject, thanks to hours of listening to Otis Redding and Wilson Pickett.

In the late 1970s he arrived in New York but was refused entry for lack of cash. Then came, he said, "a miracle": A woman named Margaret who worked in the Ivorian consulate bailed him out of

detention and a few hours later he found himself on the 16th floor of a modern apartment building in Greenwich Village watching snow fall for the first time.

"Oh yeah, man. New York is a piece of heaven. It's the city of the year 3000."

He worked as a messenger on Wall Street, where "big men said, 'Hello, sir,' to me. They know they live in a danger spot. Everybody's hot. When Mister come along clean, with a nice woman, and he's taking her to the Waldorf Astoria for dinner, he's not going to step on me, because I might just say, 'Hey, this is the cat I been looking for to pay back all the sins I suffered.'"

"You get it? Everybody respect everybody in New York because everybody afraid of everybody. When that happen everywhere in the world, nobody's gonna pick up a gun any more."

One day, he said, somebody leaped his beer with "angel dust," an animal tranquilizer that was an "in" drug for a while. "I flipped out. Imagine coming from Korhogo all the way to the Big Apple and a black man, a brother, he give me angel dust without telling me. That got to my computer, man. My own people send me to the hospital. But I try to control myself. Man, I don't want to become a piece of human waste. I am responsible for what I do on this Earth."

"I don't go to church or a mosque, but I have a Bible and the Koran on stage when I sing. Superpowers get out of Africa / We don't want no guns no bombs / We don't want your KGB / We don't want your Red Army." The song is from his new Parlophone album, "Coody Rock."

He continually skirts the edge of the banal, somehow finding wisdom where there should be cliché. "People say I'm too romantic because I want to make the world happy. But it's the only choice I have. The other choice, I know I don't want that. They tried to put me in the army once. I told them no, I don't go. I'm crazy."

"If I say everything has been said and done already and so why try to do anything, then I am nothing. You got to repeat things to human beings. Repeat repeat. Maybe in ten years I convince two people not to pick up guns. That is a lot, two people. The speed of thought is faster than the speed of light. That is why we see the light. We can create light."

He began to sing in New York, with Jamaicans and with the disco



Blondy: Reggae's roots.

star Sylvester. He began to write songs there. When he went back to Abidjan two years ago, he appeared on a television program that showcased untalented singers. Suddenly everybody was talking about Alpha Blondy. Last week he was in-depth interview with him was the cover story in "Le Guide," Abidjan's principle cultural and entertainment guide.

"I'm an African, but New York is my home. I want to make an African concert in Central Park. I left New York with tears in my eyes. New York defeated me. But I said, 'New York, you and I are gonna meet again.'"

West End's 'Jumpers' Still Without End

By Sheridan Morley
International Herald Tribune

LONDON — Tom Stoppard's "Jumpers," which has at last reached the West End (at the Aldwych), 13 years after the first National Theatre production with Michael Hordern and Diana Rigg and a year after the Manchester production with Tom Courtenay and Julie Walters, is literally a play upon words.

Stoppard's first full-length work after "Rosencrantz and Guildenstern" is a sort of dramatized Scrabble game in which plot and charac-

THE LONDON STAGE

terization take second place to a dazzling, loopy display of verbal pyrotechnics with which the playwright and his leading character beat us into at least temporary submission.

The play focuses on George, a lecturer in philosophy who appears to owe his job to a remarkable nominal similarity to the philosopher George Moore. He is married to Dottie, a failed music-hall queen who has certain difficulties in recalling the lyrics of well-known songs involving the moon, now that the astronauts are there, and who is inextricably involved with the vice-chancellor of her husband's seat of learning. Not that he is your ordinary kind of vice-chancellor: He is also the local corner and the leader of a team of incredible liberal-radical "jumping men" who are available for such sinister tasks as the polythene-wrapping and removal of an academic who has been mysteriously shot while forming the center of a human pyramid at one of Dottie's parties.

When not entertaining the vice-chancellor in her bedroom or foreseeing a vast breakage of the universe, Dottie spends much of her time watching television tapes of astronauts landing on the moon. The astronauts are British and named Scott and Oates, so it will come as no surprise to those versed in arctic history that Oates is the one with re-entry problems. Meanwhile, back in

Dottie's bedroom, there also seems to be a police inspector whose brother was an osteopath called Bones until it drove him mad. The inspector now wants to know where the missing body is, at least until the vice-chancellor suggests that he retire from the police and take up a position as professor of divinity and occasional jumper.

These random happenings and individuals merely form a baroque framework for the central character. George, in Paul Eddington's endearingly bemused performance, is the greatest linguistic jumper of them all, a walking thesaurus who starts his lectures with the word "secondly" and gradually dismantles himself as he delves deeper and deeper into a semantic forest.

The real trouble with "Jumpers" starts at intermission. A riotous hour spent in setting up various linguistic, moral, sexual and criminal confusions is followed by an hour of thunderous anticlimax as they all get more or less unscrambled again.

I have seen plays abandoned by their audiences before the end. I have even seen plays abandoned midway by their actors. "Jumpers," however, was the first play I ever saw abandoned by its author long before the final curtain, and in more than a decade not much has changed. True, we now get Felicity Kendal as a somewhat fey Dottie, and Simon Cadell as a wonderfully sinister vice-chancellor, but we still get 60 great speeches in search of a coherent author, and Peter Wood, who directs (as he did at the National), has been unable to disguise the fact that at least some of the emperor's clothes have been misplaced.

Perhaps because of their recent work on a much more structured romantic drama of Stoppard's ("The Real Thing"), Kendal and Wood seem to think they have in "Jumpers" something approaching an Existential French bedroom farce. But the last act still lurches into a courtroom scene reminiscent of "40 Years On" and a briskly acrobatic return of "Slaughter on Tenth Avenue."

It remains perfectly true that I have no idea

how "Jumpers" should end; but it is mildly alarming to discover that, more than a decade after writing it, Stoppard seems to find himself in the same predicament.

Recent comedy hits in the British theater have had much in common with spectator sports: "Trafalgar Square" told us we could all become wrestlers, "Stepping Out" is about suburban wives becoming star tap dancers, and the award-winning John Godber comedy "Up 'n' Under," newly arrived at the Fortune, is a celebration of training-room life in amateur rugby.

There is a long showbiz tradition, stretching back through "Chorus Line" to "42nd Street," that an amateur or newcomer in sudden triumph is more fun to watch than a seasoned professional. Godber has latched onto this underdog theme to give us a team of no-hopers going, if not to victory, then at least to a near miss.

The problem is that Godber, a prolific and successful young dramatist, goes for the moment rather than the play. His writing is steeped in a kind of scrapbook nostalgia for old songs and movies, but he does very little to create individual character. In taking on this team of no-hopers and asking us to care about their private as well as their rugby lives, he is taking on the best of David Storey in a play like "The Changing Room" or "The Contractor," and there is no real contest.

Godber is, however, an agile director, and whether staging action replays worthy of Saturday afternoon television or merely encouraging his cast of six to double as the opposing team, he has a kind of boundless energy that spreads from stage to stalls. He also offers in the first half some parodies of Shakespearean choruses that suggest as much time spent in front of the examiners as the rugby posts. He is clearly obsessed by "Rocky"; it remains to be seen whether he will end up a Sylvester Stallone or a Clifford Odets.

'Ladyhawk': Dialogue Mars Romance, Colorful Images

CAPSULE reviews of movies recently released in the United States:

"Ladyhawk," set in the 13th century, features a wicked bishop, a handsome pair of lovers doomed by the bishop's curse, a fortress city and a sly young thief. As premises

for medieval romances go, this is a pretty good one," writes Vincent Canby of The New York Times.

"but 'Ladyhawk' is a film divided against itself. Shot by the Oscar-winning cameraman Vittorio Storaro ('Apocalypse Now,' 'Reds'), 'Ladyhawk' is full of magnificent landscapes and castles in colors that seem burnished by time, but it often talks as if it had just taken the subway from Brighton Beach to Broadway."

The cast includes Rutger Hauer and Michelle Pfeiffer as the lovers, John Wood as the obsessed bishop and, as Philippe, the thief, Matthew Broderick.

"If the second two of the three

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THE EDITOR

age multinationals to build quality staffs. Too many developing states are lax with foreign investment: The planning minister he start: The planning minister more concerned with cronies building reserves or taking take-overs than with worker safety.

Nonetheless, the success of foreign investors have built a network of developing countries. Japan's auto industry, for example, has built a network of developing countries. Japan's auto industry, for example, has built a network of developing countries.

STEVEN T. THORNTON

Scargill's Version

Regarding the report "Scargill's Version," U.K. News Leader (Tel. 01-234-1234) (March 29)

Arthur Scargill was also a Russian miners has coal industry successful by redefining the fact — a laughable move — West, but unfair to Russian workers in the Soviet Union.

I wonder if Mr. Scargill asked himself why the unions don't go on strike.

FRANK L. GROSSMAN

Hawaii, Kan.

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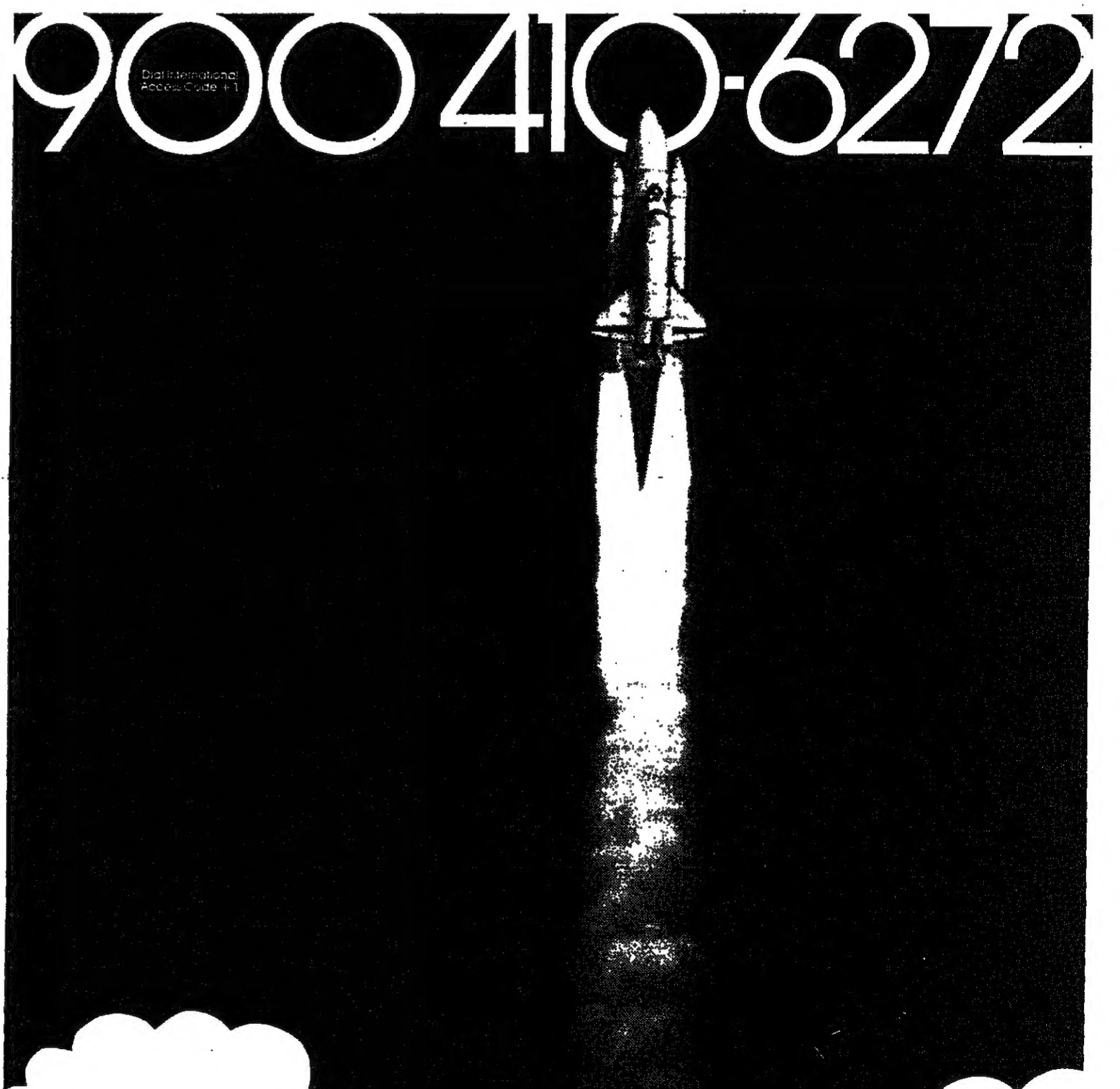
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INSIGHTS

10 Years Later, the Vietnam War Burns On in the American Mind

By Joseph Lelyveld

New York Times Service

A young bronze god of war. John Denton first heard that phrase in harkings and pep talks when he was going through officers' training at a Marine. It resurfaced in his mind a generation later at a Fourth of July family picnic. What brought it back was an encounter there with a young soldier who seemed as eager for action as Mr. Denton himself had been when he took command of his first platoon in Bravo Company, 7th Engineer Battalion, at DaNang, South Vietnam, in 1966.

Mr. Denton, now an agent of the Federal Bureau of Investigation, had not realized that soldiers like that were still being turned out. Trying to express how moved and transfixed he felt when he saw the young man, Mr. Denton described a vision: "He was 21, if that, and he took me right back to what I was. He was ready, and he was going to do it. Almost to the point of saying, 'I sure hope they've got a war going someplace. I made me feel good, but at the same time I wanted to go over and put my arm around him and say, 'Hey, have you got about five minutes? I want to tell you a few things.'"

Mr. Denton never had that conversation. If he had spoken, he would have talked, he said, about the responsibilities rather than the glory of command, about the strength a leader derives from his men, about devotion to them as an element of valor.

Instead, this FBI man was toiling late in the den over his garage in Knoxville, Tennessee, pouring it all into a novel — not about the country called Vietnam, or the questions represented by the war, or what happened to the veterans when they returned to an ungrateful, even hostile, nation. The country and questions and aftermath were all incidental. What he needed to explore was the nature of the camaraderie of men at war, almost to the exclusion of these other matters.

Almost, but not quite, for Mr. Denton now has a 10-year-old son, and when he thinks of his boy, he does not think of young gods of war. In that context, Vietnam — everything about it — returns in a rush, and his tone of voice changes. Instead of the gentleness that is there when he speaks of the men with whom he served on Hill 55 and Marble Mountain, there is urgency, even resentment. "Next time we're going to need a contract," he said. "I'm not saying I won't send my son — I probably would — but before we commit our sons, we better have full support, across the board, from every segment of society. Before I commit my son, I want these things addressed. I want a decision."

Nearly 10 years after the fall of Saigon — when the superpower of the Western world rescued its last representatives in Vietnam, helicopter by helicopter, from the roof of an embassy that had served as a vice-regal outpost — this kind of double exposure on issues of peace and war has lodged itself in the consciousness of millions of Americans.

There is that instant when disbelief can be suspended and the righteous use of power again seems possible; and there is that equally emotional moment that follows, when disbelief returns in a cluster of old doubts and bitterness. Politicians and strategists still refer to the "Vietnam syndrome" as if it were a lingering ailment in search of a miracle cure. Others, continuing the old Vietnam debate on a higher level of abstraction, contend that the war itself was a costly and wrenching cure for imperial delusions.

But it was not ancient arguments I discovered in nearly a month spent wandering around the United States, trying to assay the feelings Vietnam still aroused, it was the voltage those feelings are still capable of delivering.

I began with the notion that I might have to explain why I wanted to talk about the war at this late date but — except when I was talking to members of the younger post-Vietnam generation, for whom the names of Vietnam battlefields like Hue and Khe Sanh carry no connotations at all — no preamble was necessary. The feelings required no excavation.

"It seems like the American people can't get used to the past," an auto worker in Detroit observed. "They have on the brain."

THE feelings are still there and unsettled, but now they tend to be focused on the future. We want to give ourselves absolution, although we remain deeply divided — as individuals and as a people — over what it is we need to absolve (whether it is what we did fighting the war in Indochina or what we did protesting it at home).

Even more urgently, we want to know how it will be if there is a new time, when the use of power in a Third World setting would automatically reopen the old divisions.

In other words, when we talk about Vietnam we are seldom talking about the country of that name or the situation of the people who live there. Usually we are talking about ourselves. (Probably we always were, which is one conspicuous reason our leaders found it so hard to shape a strategy that fit us and our chosen terrain.)

Obviously, the war is not over for Americans like Scott Marr, who has had three operations in the last year at the Audie Murphy Veterans Hospital in San Antonio to remove old fragments of shrapnel removed from his body, or Greg Nyström, a waiter in Hollywood and aspiring photographer, who has not been able to banish the thought that a father shot down over North Vietnam more than 19 years ago might still be alive.

In less obvious ways, the war is not over for tens of millions of other Americans, especially those whose sense of their country and the world was shaped in the Vietnam era. If anything — with the passage of time, the need to reinterpret America's longest war to a younger generation, and its usefulness as a metaphor and touchstone for the debates on Central America — the Vietnam experience is reassessing itself. Suddenly with the dedication of the Vietnam Veterans Memorial on the mall in Washington, where it now outdraws every other monument but the Lincoln Memorial, Americans have settled on a new and more gratifying image of the Vietnam veteran.

Instead of the incipient psychopath deserving pity, he is a patriotic symbol and something of a culture hero, often presented now as self-sufficient and irreverent, trusting only himself because his leaders and society let him down.

In the intellectual sphere, the debate on the war still periodically flares, with conservatives launching sporadic raids to seize the moral high ground that those who opposed the war once confidently occupied. To the extent that it was the left that introduced a new zeal into American politics while the war was being fought, it is providing models for today's right.

Vietnam, exits the Committee for the Free World, is no longer an occasion for "America-bashing."

Meantime, bumper stickers that cry "No Vietnam War in Central America" are sprouting on California freeways. And across

America, from lower Manhattan to Concord, California, Vietnam veterans go on constructing monuments to their dead. In all of this, Vietnam functions less and less as a real place than as a mirror to America, the way the polished black granite slabs of the memorial in Washington reflect the faces of the thousands who go there in search of one or another kind of catharsis.

A New York Times poll taken at the end of last month indicates that Americans are more ready to agree with the assertion that their country's role in the war was "immoral" or at least "wrong" than with President Ronald Reagan's characterization of it as a "noble cause." It indicates, too, that they mostly subscribe to the view that we learned in Vietnam not to intervene in civil wars. But many who took these stands were also prepared to send combat troops to El Salvador to prevent a Communist takeover there. For many, then, it might be said, immorality had something to do with failure. What was true for these individual Americans was especially true for the U.S. Army.

Traumatized by its failure to subdue the peasant soldiers of a poor Asian country and grieved by its losses — of men, discipline and prestige — the army tried at first to treat Vietnam like a bad affair whose lessons were all for the politicians. In officers' clubs and war colleges, the lieutenants who "humped" with their men through rice paddies and highland forests schooled themselves to talk of almost anything else as they ascended to field-grade ranks.

But as the Vietnam lieutenants became

"The country was suffering from a post-traumatic stress disorder, not the Vietnam veteran," contended Barry Levin, a successful criminal lawyer whose combat decorations, including a Bronze Star Medal and three Purple Hearts, hang in a glass case in his penthouse office in Los Angeles. "I am not ashamed to say that the best years of my life were in the military. I loved the war. I'm very proud to have fought in combat for my country."

Does he think such people should now feel some responsibility for what happened in Indochina after the Americans left? "Sure, sure," he replied in an offhand manner. In his mind, that conclusion is too self-evident to require spelling out. "It's too easy in America," he went on. "They're consumers of freedom, not protectors of freedom."

The "they" conveys an alienation the lawyer readily acknowledged: He has little use for contemporaries who did not fight in the war, he said. Yet Vietnam veterans are divided like the rest of the population on questions of war and peace.

In Santa Cruz, California, I visited VFW Post 5888, which has had its charter revoked by the national VFW for passing a resolution in favor of "self-determination and nonintervention in Central America," then conveying it to a Sandinista representative in Managua, Nicaragua. "It's our duty to see Vietnam doesn't happen again," asserts Lee Bookout, an angry transplanted Texan and former marine who said he kept his feelings about the war so bottled up that "I was

Both prepared to "give witness" to what they regard as the moral failures and self-deception of the anti-war movement. "Everything we were told wouldn't happen has happened," Mr. Peacocke said. "We were told it wasn't North Vietnam's war, but a 'people's war.' Now we find out North Vietnam engineered the whole thing. We were told there would be no genocide and slaughter. There has been genocide and slaughter. What the people we did not trust said was true." He added, "The Third World War started a long time ago, and we are losing."

It is only among ideological converts, however, that this kind of confession from 1960s activists is apt to be heard. Probably because the war had been disowned by virtually every segment of American opinion by the time troop withdrawals began in 1969 and the Nixon policy of "Vietnamization" was in place, the "Who lost Vietnam?" which hunt that stirred jittery premonitions in the Johnson White House never materialized. Periodically, however, intellectual disputes on the issue of intervention in the Third World are enlivened by a suggestion from the side that jousts under the neoconservative banner that a little confession might be good for liberal souls.

In the 1960s, proponents of intervention used to argue somewhat wily that we had to engage the realities of a complicated world; the opponents brandished moral principles and brushed aside complexity. In the 1980s, I was beginning to conclude, it is just the opposite. But Daniel Ellsberg, a veteran of both sides, did not fit into my paradigm. He had known Vietnam too well to be simplistic then and he

on their fingertips, which they then ran along the rough stone surface of the lobby wall, forming a faintly visible web of powdery black streaks, a symbol "of death and repentance." Like many demonstrations of the 1960s, it was essentially a media event, affecting for those who took part but largely ignored by passers-by.

It was familiar except for one crucial factor: The participants were so much older, which is to say there were hardly any kids. (Later, back in New York, I asked the Reverend William Sloane Coffin, a leader in the sanctuary movement as well as a leader in the early days of the Vietnam protests, whether this was typical. He acknowledged that it was, citing the absence of the draft as an explanation. "Americans are not ready to have good Americans die bravely in a bad cause," the preacher commented caustically, "but they are ready to have almost anyone else die bravely in a bad cause.")

BEYOND the rejection of the Vietnam War itself, there is virtually no trace of the rebellious hostility to America — the "mother country," it was sardonically called — that ultimately cut off the protest movements of the Vietnam era from any chance of grassroots support. At the last peace rally I can remember covering in those days, late in 1971, the government was denounced for "war crimes" and "genocide," and debate centered on the question of whether American society as a whole should be resisted as "evil." Essentially this was a question of tactics; that it was evil was taken as a given.

Conveying the mood of disillusion that

stand on Vietnam as "a central part of my political existence." The "clear lessons" of Vietnam are apparent to the voters, he contended. Senator Kerry had a landslide of his own last November in the midst of the Reagan avalanche. "They have come to understand that we should not have been there," he said. "When we commit our forces, the goal should be achievable. When we do it, let's do it democratically." With Central America in mind, the freshman senator is looking for ways to strengthen the War Powers Act of 1973, which was intended to check a president's ability to commit American power without congressional approval.

Periodic attempts by the Reagan administration to repeal the act have foundered because the very suggestion provokes fears of "another Vietnam." In what proved to be one of the most misguided assessments of the entire war, then-Defense Secretary Robert S. McNamara wrote early on: "The greatest contribution Vietnam is making right or wrong is beside the point — it is that it is developing an ability in the United States to fight a limited war, to go to war without the necessity of arousing public ire." Now public ire is seen as a potential threat to any war effort. Hence the conclusion of the Joint Chiefs of Staff and Caspar W. Weinberger, the defense secretary, that we should only fight wars the public has endorsed, which makes the Joint Chiefs heirs to one of the main anti-war theses.

But then such paradoxes are part of the general inheritance.

Dan Moore, a veteran now employed making Cadillac at the Fleetwood plant in Detroit, readily acknowledged that he tried to avoid service in the war. He went, finally, but managed to stay offshore in the Gulf of Siam on a navy oiler. He does not think the war was justified, but he now dwells on "strength."

"I don't think we can spend enough time thinking about being strong," Dan Moore said. "I wish our president had acted when they bombed our embassy in Lebanon. He wasn't strong enough. And when they shot down that 007 plane, we did nothing. It sometimes makes my mind go on the blink to think if we're really, really ready."

Plainly, the revision from the Vietnam War and the chasm it opened in American society have made room for the prevailing mood of nationalism, but it can also work the other way. Paul Melherick, the personnel director for an electronics company, also tried to avoid the war. He has a sports car in the garage of his home in a St. Louis suburb with the license plate OLDVET, but he says it stands for "old Corvette," not "old veteran." Mr. Melherick voted twice for Richard Nixon, twice for Ronald Reagan, and believes in "a strong military, a strong defense." Yet he is dead set against intervention in Third World conflicts. "What we learned in Vietnam," he said, "is we can't fight other people's wars. I don't know why, whether we don't understand their cultures or what, but we can't be the world's policeman. Another culture doesn't play by the same rules." At which point Charlene Melherick, his wife, interjected, "You mean our rules."

IN the American mind there are, after all, two, three, many Vietnams. There is also the real country, which was always remote, even to many who served there.

In a long afternoon's conversation over beer at the VFW post in the Appalachian coal-mining town of Cumberland, Kentucky, the talk turned to hatred. "We didn't like ourselves, we didn't like any people there," said Sam Gilbert. "We just built up a general hatred."

"Stunt eyes," another vet said, sounding nostalgic, as if he had remembered the name of a song.

Just about every Vietnam vet hated the Vietnamese, remarked Eddie Shurgill, a union official, speaking in a sad, ruminating voice. One of the vets remembered how his unit used to fire rounds over the heads of peasants working in the paddy fields, "just to see them hit the water."

"To see how big a splash they made," another said.

"You know, if we went to Central America, we'd hate those people, too," Eddie said. "What concerns me," he continued, "is when people say, 'You couldn't do it. You lost the war.'"

"We didn't lose no war when I was there," exploded Roy Tippett. "We done our objective."

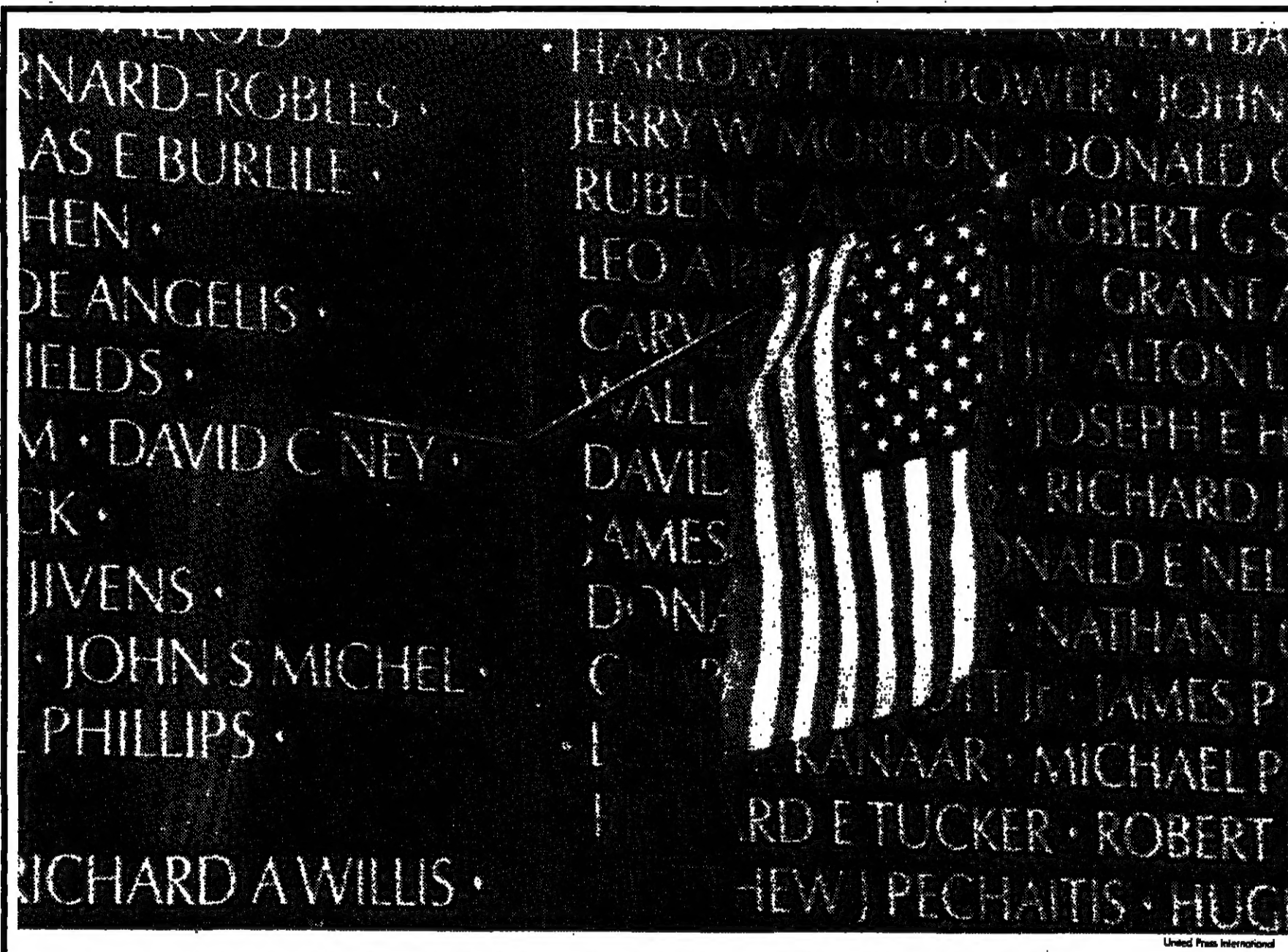
I went back to Washington at the end of my trip and spent three hours at the Vietnam Memorial on an unseasonably balmy Sunday afternoon. Specifications in the design of the monument required that it be political, but the feelings it inspires may have political meaning for the American present. No doubt these are diverse, but I did not get a sense that many visitors find an explanation, let alone a justification, for the deaths. On the contrary, the effect seems to come from the names themselves: the remarkable particularization and specificity of the 58,022 names etched in granite and chronicled in directories the size of phone books (83 more names than there were when it was dedicated). From what I could surmise, most visitors come away with a sense of waste as well as sacrifice.

"Sometimes," said Bill Schorndorff, a former marine who visits the memorial at least twice a week, "I pick a name and try to imagine what he was like." He wasn't the only one who seemed to be doing that. "Look," a man from Virginia said to his son, "there's even a Yamashita." I checked the directory. Five Americans named Yamashita died in Vietnam. (If there is a next time, probably there will be Troungs and Nguyen: 700,000 refugees from Indochina have reached America since the fall of Saigon.)

Nations don't build monuments to their defeated allies or victorious enemies, so there is nothing at the memorial to remind you of the Vietnamese. Of the people with whom I spoke when I visited the monument, only Bill Schorndorff even mentioned them, and then only after I had brought up the subject indirectly by asking whether he thought it had been a "noble cause," as President Reagan called it. "The idea when we went in there was right," he said, "but I don't think the people wanted to be saved, at times."

A balanced historical judgment would have to be more exact. It would have to ask why, if that were the case, they didn't want to be saved. It would also have to ask whether there had ever been any real relationship between the wishes of the Vietnamese and our decisions. But if this was not a historical judgment, it seemed to be the judgment of many Americans. We seem to be inclined to forgive ourselves for having gone there, inclined also to say that if things didn't work out, it wasn't our fault. That may not be a balanced judgment but it is still, I thought, a recognition of history and of limits.

This article has been excerpted from The New York Times Magazine.



An American flag hangs in the dark granite of the Vietnam Veterans Memorial in Washington.

colonels, the military started to pick at the wound and assess its own failures: the divided command structure, short duty tours for field officers, lopsided imbalance of support troops to fighting troops, reliance on "body counts," systematic self-deceit and failures of intelligence. Studies by some of the army's best thinkers, notably General Bruce Palmer Jr. and Colonel Harry G. Summers Jr., have erased the myth that the war was lost only because the politicians reined in the generals.

Now commander of the 4th Airborne Training Battalion at Fort Benning, Georgia, Lieutenant Colonel Leonard B. Scott was a 22-year-old lieutenant leading a Ranger patrol in the first company that went into northern Cambodia in 1970. With a picture of John Wayne as a cavalry officer on a shelf behind him, the colonel is the image of a tough airborne officer — trim, blond, suited up for the jump he will make before lunch. But when he gets on the subject of leadership and Vietnam, his eyes get wet and he has to look out the window to regain control. Only now does he find it possible to speak openly about the "hollow" and "sickening" feeling he had when he rotated out of his unit, "leaving guys I did not want to leave."

"The army did not perform well in Vietnam," this officer said, "but that guy, that individual soldier, on the whole he did an outstanding job."

COLONEL Scott's feelings had nowhere to go in the post-Vietnam army so they flowed, like those of the FBI man in Knoxville, into a novel. Called "Charlie Mike" and scheduled for publication this year, it is a hymn on the theme of valor — that of the American soldier and that of the North Vietnamese enemy as well.

The experience of writing it has made the colonel feel, at 37, like a "dinosaur." The younger officers are sick, he thinks, of hearing about Vietnam. When the last battalion commanders with Vietnam experience are phased out, he said, "some people will say, 'Great! We finally got rid of the Vietnam mentality, the jungle-warfare mentality.'"

Then war like Vietnam may look easy again. If Vietnam is remote to the younger officers, it is infinitely more remote to their troops, the newest of whom were getting ready for kindergarten when the American withdrawal began. If you are over 35 and want to feel like 135, try talking about Vietnam with a recent high school graduate.

Many veterans said it was years before they could sit calmly in a social situation. But the realization that there are well-adjusted, psychically whole combat veterans from Vietnam is only beginning to seep into the consciousness of many who opposed the war.

married for years, and my wife didn't know I was a vet."

"Yeah," said Richard Anderson, the post's commander, who fought in Vietnam during the 1968 Tet offensive as a member of a mortar platoon, "that's how it was with me and my first wife."

The vets wear their Veterans of Foreign Wars hats. The hall they occupy has glass cases with souvenirs retrieved from the Spanish-American War. Mr. Anderson and Mr. Bookout are both heavy-equipment operators. Drafting manifestoes is not their line of work, but that is what they were doing when I got there — preparing their appeal to the national leadership of the VFW, which has proclaimed the organization's "unanimous" support of the president's stand in Central America. A Harvard lawyer might have found it hard to improve on their draft, which said they had fought for the right to dissent.

The Santa Cruz vets have a vision of themselves as a "first wave" of former servicemen who will join together in the cause of peace. Near San Jose, I encountered veterans of another kind, former peace activists who had leaped across the ideological divide — with no sacrifice of radical zeal, nor loss of belief that they are in confrontation with a decadent society. They are taking their stand with conservative Christians seeking to "restore the strength of our nation," as a brochure I was handed put it, by placing it on "a biblical base."

If you are disposed to do so, you can write off Bill Garaway and Dennis Peacocke as cultural mutants, but they are earnest, hard-working individuals who are more conspicuously, at this juncture in America, part of a "wave" than those who still identify with their former cause. If they are not typical, at least these "Christian activists," as they are pleased to be known, show how the zealotry of the 1960s left has provided models for the 1980s right.

Mr. Garaway, now a successful contractor, was a leader of the draft-resistance movement in the Vietnam period; following two federal prosecutions (and a featured role playing a character like himself in Antonioni's "Zabriskie Point"), he went searching for a "new consciousness" on a commune, winding up by himself in a tree house in the woods above Palo Alto.

Mr. Peacocke, whose passage included the Free Speech Movement at Berkeley and the Trotskyist Socialist Workers Party before he tripped off into LSD, black-belt karate and Zen, is now a pastor and leader of an evangelical movement in Northern California called the Covenant Outreach Ministries.

Both men are heavily involved in the right-to-life movement and building support for a resolute American stand in Central America.

was not inclined to waffle now. Over herbal tea in his hillside study on the outskirts of Berkeley, where he maintains a one-man think tank on issues of war and peace, Mr. Ellsberg read to me a passage from one of his official reports from Vietnam that he had published in 1972 without apologies. The Communists, he had predicted, would introduce "forced-draft industrialization under totalitarian controls, capitalized by exploitation of the peasants and preceded by a blood bath to destroy or terrorize potential opposition."

"I did not take naive positions," he said, marking the passage. "There is a tendency now to stereotype the entire anti-war movement as pro-Hanoi. A stab-in-the-back legend is growing up."

Mr. Ellsberg argued that there is a peace movement in place now that is more broadly based, more knowledgeable about techniques of nonviolent protest and more disciplined than the movements of the 1960s. It has shown itself in the campaign for a nuclear freeze. It will show itself again, he said, as the conflicts in Central America widen. The Central Intelligence Agency and the Pentagon are also better prepared, he contended. They have built airfields, made their logistical arrangements, sealed borders and eliminated the possibility of sanctuaries before running the risk of American casualties; they are also ready, he said, to limit television and press coverage. "But if you think all we need is censorship, more air power and tougher police," Mr. Ellsberg said, "look at Russia in Afghanistan or Vietnam in Cambodia."

TEN years later, we are talking about Vietnam again, but often as an analogy. What we really want to know is what we would do the next time. The question is put two ways. Positively: Have we regained our national will and purpose? Negatively: Are we about to tear ourselves apart all over again? The two concerns, it may be noted, are both self-regarding. They are also not mutually exclusive.

Ash Wednesday, in Chicago's Loop, I found myself on the fringes of the first peace demonstration I had happened to witness in more than 13 years, a religious service conducted at midday in the lobby of the Everett Dirksen Federal Building by clergy and laity from Chicago churches that have pledged to serve as sanctuaries for political refugees from El Salvador and Guatemala. A "statement of confession and concern" was read out, calling on the government "to repent of its death-causing destruction and seek the forgiveness of God and the wounded children, women and men of Central America."

Then, stepping forward, one by one, the 60 or so participants had the ashken mark applied to their foreheads and took a little extra carbon

Vietnam as "a central part of my existence." The "clear lessons of the war are apparent to the voters," he said. Senator Kerry had a landslide victory last November in the midst of the avalanche. "They have come to realize that we should not have been there," he said. "When we commit our lives to something, we should know that it should be achievable. When we lose, we should know that it should be achievable. With Central Vietnam, the freshman senator said, we have no way to win the war or ways to strengthen the war effort." Kerry said that the War Powers Act of 1973, which was intended to check the president's ability to commit American troops to war without congressional approval, "has been used as a pretext for the administration to attempt to repeal the Reagan administration's policy of Vietnamization." He very strongly suggested that the administration was "not doing it right in Vietnam." In what proved to be a misjudged assessment of the administration's position, the Defense Secretary Robert S. McNamara wrote early on, "The greatest problem in Vietnam is making—rights—beside the point—is that it is not an ally in the United States. It is a great war, to go to war without the support of the American people, of arousing public ire." Now McNamara's conclusion is that the war is "not a good idea," and McNamara said that the public has endorsed, which makes it his heirs to one of the main aims of the war.

n such paradoxes are part of the heritage. Once, a veteran now employed as a saddler at the Fleetwood Plant, candidly acknowledged that he "didn't like" the war. He went, finally, to stay offshore in the Gulf of Mexico. He does not think the war, but he does dwell on "strength." I think we can spend enough time about being strong." Dan Moore, a president had acted when they got an embassy in Lebanon. He was tough. And when they shot down a plane, we did nothing. It sometimes goes on the blink to think it we're flying really."

The revision from the Vietnamism it opened in Annam's soccer room for the prevailing mood, but it can also work the other way. The personnel director for a company, also used to avoid a sports car in the garage of St. Louis suburb with the name JET, but he says it stands for "not 'old veteran.' Mr. Melrose for Richard Nixon, twice in Saigon, and believes in a strong, strong defense." Yet he is drawn to intervention in Third World conflicts learned in Vietnam," he said. "For other people's wars. I don't know we don't understand them: what, but we can't be the players." Another culture doesn't play. "At which point Charlotte, his wife, interjected: "You need

American mind there are, also, free, many Vietnams. There is, all country, which was always my who served there.

yes," another vet said, sounding as if he had remembered the war. "I remember how the vets hated the war," remarked Eddie Snurp, looking in a sad, ruminative way. "I remember how the vets hated the war," remarked Eddie Snurp, looking in a sad, ruminative way. "I remember how the vets hated the war," remarked Eddie Snurp, looking in a sad, ruminative way.

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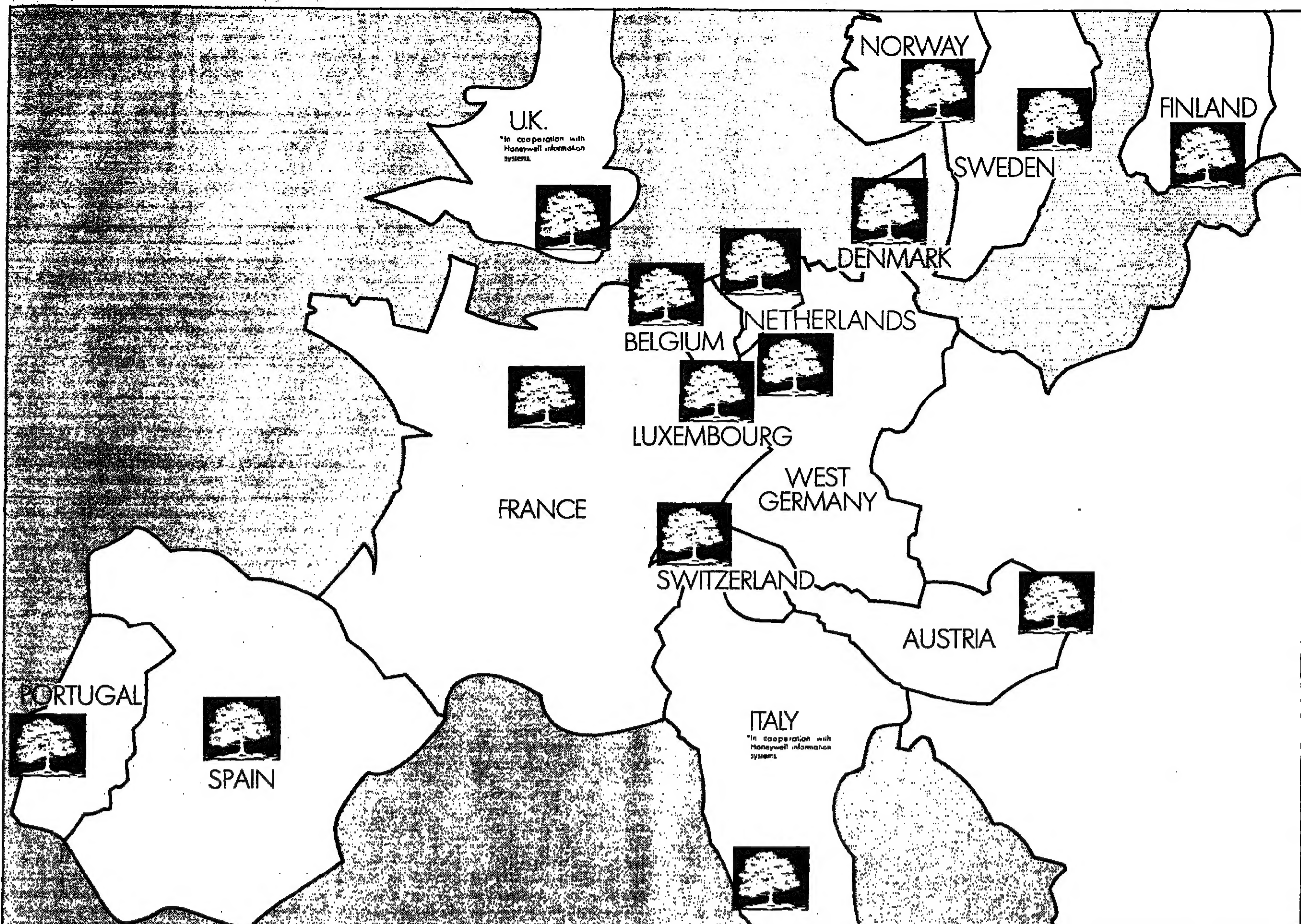
ack to Washington at the end of three hours at the Vietnam Veterans Memorial. "The Veterans Specifications in the design of it required that it be apologetic, that it inspires may have political or the American present. Not diverse, but I did not get the veterans find an explanation, for the sons, for the deaths. On the seems to come from the names," the remarkable participation of the 58,022 names of the city (chronicled in directories the 83) more names than that I've dedicated. From what I've seen visitors come away with a sense of sacrifice.

"I was," said Bill Schornsdorf, a first visits the memorial at least a name and try to imagine it." He wasn't the only one who doing that. "Look... a man be to his son, 'there's even a I checked the directory. I named Yamashita director of the next time, probably there were 700,000 people there who've dedicated America since World

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TEBWA

- **Integral solutions:** hardware, software, applications and services.
- **Market segment oriented solutions:** tailored to the needs of specific professions and activities.

Bull

NYSE Most Actives				
Symbol	Vol.	High	Low	Last
Unocal	1,234,567	45.12	44.85	45.00
Unilever	987,654	32.10	31.95	32.00
Unimex	876,543	28.50	28.30	28.40
Unimex	765,432	25.10	24.95	25.00
Unimex	654,321	22.10	21.95	22.00
Unimex	543,210	19.10	18.95	19.00
Unimex	432,109	16.10	15.95	16.00
Unimex	321,098	13.10	12.95	13.00
Unimex	210,987	10.10	9.95	10.00
Unimex	109,876	7.10	6.95	7.00

Dow Jones Bond Averages				
Bonds	Prev.	Close	Today	Change
Govt	74.50	74.50	74.50	0.00
Govt	74.50	74.50	74.50	0.00
Govt	74.50	74.50	74.50	0.00
Govt	74.50	74.50	74.50	0.00
Govt	74.50	74.50	74.50	0.00

Dow Jones Averages				
Index	Open	High	Low	Last
Indus	1234.56	1235.12	1233.45	1234.78
Trans	567.89	568.34	566.78	567.90
Comm	345.67	346.12	344.56	345.68
Univ	234.56	235.12	233.45	234.57

NYSE Diaries				
Index	Open	High	Low	Last
Indus	1234.56	1235.12	1233.45	1234.78
Trans	567.89	568.34	566.78	567.90
Comm	345.67	346.12	344.56	345.68
Univ	234.56	235.12	233.45	234.57

NYSE Index				
Index	Open	High	Low	Last
Indus	1234.56	1235.12	1233.45	1234.78
Trans	567.89	568.34	566.78	567.90
Comm	345.67	346.12	344.56	345.68
Univ	234.56	235.12	233.45	234.57

Odd-Lot Trading in N.Y.				
Symbol	Vol.	High	Low	Last
Unocal	1,234,567	45.12	44.85	45.00
Unilever	987,654	32.10	31.95	32.00
Unimex	876,543	28.50	28.30	28.40
Unimex	765,432	25.10	24.95	25.00
Unimex	654,321	22.10	21.95	22.00

Tuesday's NYSE Closing

Vol. of 4 P.M. 15,000,000
Prev. 4 P.M. vol. 14,500,000
Prev. consolidated class 14,500,000

Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere.
Via The Associated Press

AMEX Diaries				
Index	Open	High	Low	Last
Indus	1234.56	1235.12	1233.45	1234.78
Trans	567.89	568.34	566.78	567.90
Comm	345.67	346.12	344.56	345.68
Univ	234.56	235.12	233.45	234.57

Standard & Poor's Index				
Index	Open	High	Low	Last
Indus	1234.56	1235.12	1233.45	1234.78
Trans	567.89	568.34	566.78	567.90
Comm	345.67	346.12	344.56	345.68
Univ	234.56	235.12	233.45	234.57

NASDAQ Index				
Index	Open	High	Low	Last
Indus	1234.56	1235.12	1233.45	1234.78
Trans	567.89	568.34	566.78	567.90
Comm	345.67	346.12	344.56	345.68
Univ	234.56	235.12	233.45	234.57

AMEX Sales				
Index	Open	High	Low	Last
Indus	1234.56	1235.12	1233.45	1234.78
Trans	567.89	568.34	566.78	567.90
Comm	345.67	346.12	344.56	345.68
Univ	234.56	235.12	233.45	234.57

AMEX Most Actives				
Symbol	Vol.	High	Low	Last
Unocal	1,234,567	45.12	44.85	45.00
Unilever	987,654	32.10	31.95	32.00
Unimex	876,543	28.50	28.30	28.40
Unimex	765,432	25.10	24.95	25.00
Unimex	654,321	22.10	21.95	22.00

AMEX Stock Index				
Index	Open	High	Low	Last
Indus	1234.56	1235.12	1233.45	1234.78
Trans	567.89	568.34	566.78	567.90
Comm	345.67	346.12	344.56	345.68
Univ	234.56	235.12	233.45	234.57

New York Stocks Close Higher

Compiled by Our Staff From Dispatches

NEW YORK — The stock market extended its week-old advance with another small gain Tuesday. The Dow Jones average of 30 industrials rose 2.77 to 1,269.55, bringing its gain for the past six sessions to 14.57 points.

Advances slightly outnumbered declines on the New York Stock Exchange. Big Board volume rose to 98.48 million shares from 80.66 million in the previous session.

The NYSE's composite index gained .15 to 105.02.

At the American Stock Exchange, the market value index was down .46 at 230.93.

Stock prices have been nudging ahead for the past five sessions, aided by falling interest rates in the credit markets.

Prices of long-term government bonds, which move in the opposite direction of interest rates, rose \$3 or more for every \$1,000 Tuesday. But analysts said confusion persisted on Wall Street over whether the economy was growing steadily or losing momentum.

The government reported Tuesday that housing starts registered a stronger-than-expected 16.3-percent increase in March. Building permits, regarded as a good indicator of future construction activity, rose 10.9 percent.

However, another key measure of the economy, industrial production, was less upbeat. It rose 0.3 percent last month, according to the Federal Reserve Board.

"We are seeing some buying pressure building up," said Harry Laubscher, of Paine Webber.

Mr. Laubscher said the end of the tax season, basic economic news and the belief that interest rates will ease would all help the market. He

said the market's meandering of the past six or seven weeks was helping to "drive stocks from weak hands to strong hands."

In late trading, Unocal was near the top of the active list, off fractionally. The company has been sparring with T. Boone Pickens, rejecting a \$3.9-billion takeover bid.

Phillips Petroleum was second, up a bit. Unocal followed, higher amid a takeover struggle with investor Carl C. Icahn. It announced first-quarter net of 57 cents a share, compared with 55-cents-a-share net from continuing operations in the year-ago quarter.

"We may have a further period of backing and filling," said Ricky Harrington, of Interstate Securities in Charlotte, North Carolina.

He said the market's dip should be temporary. "I don't look for any extended sell-off," he said.

CBS shares soared following published reports that Ted Turner may make a takeover play for the network this week. CBS denied that it planned to sell a large block to General Electric.

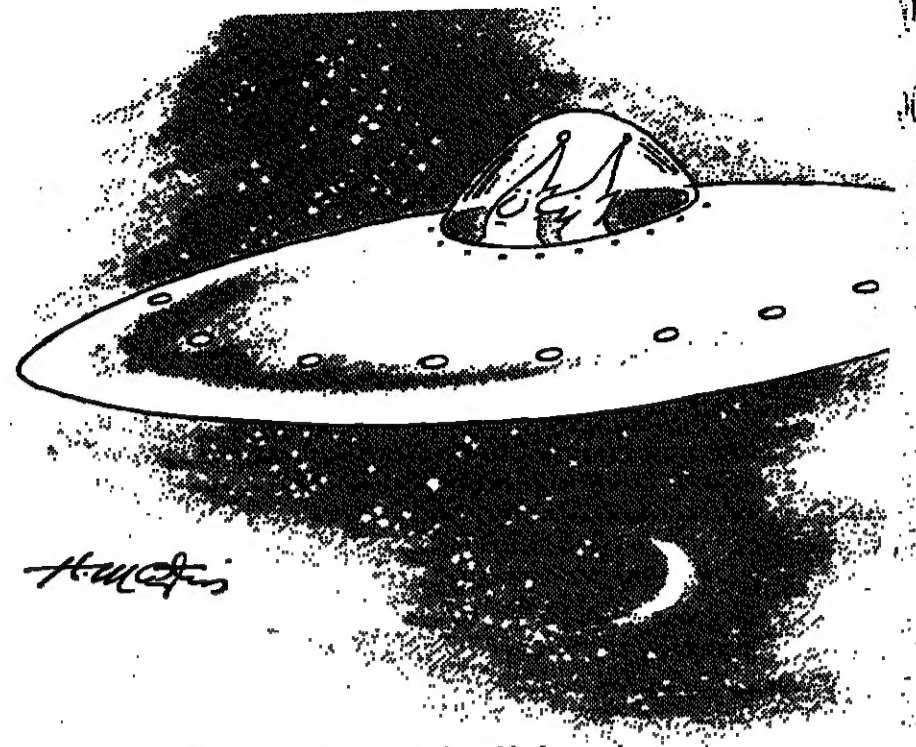
Sir James Goldsmith, who has been seeking to acquire Crown Zellerbach for \$1.4 billion, said he had received financing. The paper and forest products company was lower after filing in a U.S. district court in Nevada to stop his bid, alleging violations of federal securities laws.

ITT Corp. alerted the Securities and Exchange Commission to possible improper accumulation of stock by investor Irwin L. Jacobs. The stock was fractionally lower. (AP, UPI)

To Our Readers

Because of the seven-hour time difference between New York and Paris until April 27, some items in the Market Summary above are from 3 P.M. New York time instead of the usual 4 P.M. Also because of the time difference,

some other items elsewhere in the Business Section are from the previous day's trading. We regret the inconvenience, which is necessary to meet distribution requirements.



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NYSE Most Actives				
Symbol	Vol.	High	Low	Last
Unocal	1,234,567	45.12	44.85	45.00
Unilever	987,654	32.10	31.95	32.00
Unimex	876,543	28.50	28.30	28.40
Unimex	765,432	25.10	24.95	25.00
Unimex	654,321	22.10	21.95	22.00
Unimex	543,210	19.10	18.95	19.00
Unimex	432,109	16.10	15.95	16.00
Unimex	321,098	13.10	12.95	13.00
Unimex	210,987	10.10	9.95	10.00
Unimex	109,876	7.10	6.95	7.00

(Continued on Page 18)

AMEX Most Actives									
Vol.	High	Low	Last	Chg.	Vol.	High	Low	Last	Chg.
1,000,000	100.00	99.00	99.50	+0.50	500,000	50.00	49.00	49.50	+0.50
200,000	20.00	19.00	19.50	+0.50	100,000	10.00	9.00	9.50	+0.50
100,000	10.00	9.00	9.50	+0.50	50,000	5.00	4.00	4.50	+0.50
25,000	2.50	2.00	2.25	+0.25	10,000	1.00	0.80	0.90	+0.10
5,000	0.50	0.40	0.45	+0.05	1,000	0.10	0.08	0.09	+0.01

AMEX Stock Index									
High	Low	Close	Open	Chg.	High	Low	Close	Open	Chg.
21.70	21.50	21.60	21.50	+0.10	10.00	9.80	9.90	9.80	+0.10
21.70	21.50	21.60	21.50	+0.10	10.00	9.80	9.90	9.80	+0.10

WEST GERMANY

A SPECIAL REPORT — PART II

WEDNESDAY, APRIL 17, 1985

Part I Appeared
In Yesterday's Editions

Page 9

For West Berlin, Recovery Is More Mood Than Miracle

By Henry Tanner

WEST BERLIN — What has been happening in West Berlin in the last two years is not quite an "economic miracle," even though this is what local boosters and some West German newspapers have called it.

It is "a relatively favorable development," in the words of the latest report of the respected nonpartisan German Institute for Economic Research, which has its headquarters in West Berlin and does in-depth analytical and planning studies for government and industry.

West Berlin's economic recovery began by the middle of 1983 at the same time as the business cycle started moving up in the rest of West Germany; it continued through 1984 and can be expected to be maintained in the current year, according to the institute.

Economists say that investments in machinery and equipment were up some 7 percent in 1984, a larger increase than in West Germany as a whole. Industrial production expanded handsomely during the year but the number of manufacturing workers declined slightly, according to the institute.

Modern industries, including manufacturers of communications equipment, electro-technical consumer goods and data-processing hardware, did well as a result of upgraded new technology, while machine-building stagnated and the machine-tool industry "is still in a crisis," the institute's economists say.

Last year's economic growth, measured in terms of the city's gross product, was 2.9 percent — just three-tenths of a percentage point above the West German national average. It was 2.7 percent in 1983 compared with 2 percent for West Germany as a whole. In 1982, West Berlin had had a negative growth of 3.3 percent and West Germany one of 1.2 percent.

Unemployment, as in the rest of West Germany, remained substan-

tially on the same level in 1984 despite the general economic upswing. But for the first time in many years the number of jobs increased.

Citing the similarity between the trends for West Berlin and the rest of the Federal Republic, West German and foreign economists point out that the upturn in Berlin is in reality a reflection of the upturn in the rest of West Germany and that the two economies — that of the nation and that of the city island deep in East German territory — cannot be separated. Only about 1 percent of West Berlin's exports go to East Germany.

What has changed in West Berlin is the mood in the business community more than the basic economic facts.

Businessmen and merchants are happy that the city government remained in the hands of the ruling coalition of Christian Democrats and Free Democrats after the March 10 election, and above all that the Alternatives — West Berlin's equivalent of the Greens — did not make the phenomenal gains that some had predicted.

Some of the pre-election polls gave 18 percent or more of the vote to the Alternatives. This would have turned this leftist party into a decisive third force between the ruling coalition, which fell short of an absolute majority, and the severely weakened Social Democratic opposition.

The prospect frightened the business community, which feared that the city would become ungovernable, that the squatters and the Turks, who have begun to leave, would be back in force. None of this has happened. The Alternatives received 10.6 percent of the vote, which is more than the Greens have in most areas of West Germany but not enough to be the arbiter of city affairs.

Eberhard Diepgen, 47, the previously almost unknown young Christian Democrat, was confirmed as governing mayor. He had

(Continued on Next Page)



Kreuzberg, one of West Berlin's oldest neighborhoods, where abandoned apartments are occupied by squatters as new apartment buildings are being constructed nearby.

At 'Silizium-Tal,' A Bavarian Accent On High Technology

By Vivian Lewis

MUNICH — "Silizium-Tal" (German for Silicon Valley) is centered here in the capital city of Bavaria, host to companies making everything from computers to electronic speech devices, from word processors to machines that play chess.

Most of these high-technology firms are still in the start-up stage, high-risk ventures by a new generation of entrepreneurial engineers. Many come from big companies like Siemens or the large U.S. electronics firms. And, California-style, almost none of the owners is a native of the place where he set up his business.

Part of Bavaria's appeal is that like attracts like. "You could see the trend in 1968, when Siemens moved from West Berlin to Munich," said Manfred Hegener of Hegener & Glaser, maker of the

Mephisto chess-playing machine. Mr. Hegener helped form the company that same year after graduating from university in Munich.

Werner Wolf, board member of Electronics 2000, a components and systems distributing company, which he founded with his brother in 1971, cited the firm's headquarters near Munich. The reason: "Bavaria accounts for 26 percent of the German components market, and Baden-Württemberg for another 29 percent. If you include Frankfurt, 60 percent of the German electronics market is in the south."

The Wolf brothers started out with a U.S. firm, and that is often the case with electronics entrepreneurs. A local venture capitalist and financial consultant, Alfred Frommer (formerly with Siemens), admits that he looks for potential company-founders among the Ger-

(Continued on Page 14)

Economy's Engineers Resist Calls To Give 'Locomotive' More Steam

By Warren Geder

BONN — The center-right coalition government has answered calls for a more robust economy by stressing that West Germany's contribution to the world and domestic economic recovery is price stability.

Chancellor Helmut Kohl emphasizes that a reflation of the economy could lead to the kind of large-scale deficits that marked the outgoing years of the Social Democratic administration and shook business confidence at home.

Seven years ago, at the 1978 Bonn economic summit, the government of Helmut Schmidt faced similar pressures to reflate its economy, Europe's largest. In return for certain concessions from the United States, Bonn agreed to prop up domestic demand and play "locomotive" to world economic recovery.

To the misfortune of Mr. Schmidt's Social Democratic government, the second oil crisis set in the following year. Surging oil prices combined with Bonn's expansionary economic policy to cause relatively high inflation, at around 6 percent, through the early 1980s.

Adding to the troubles, the mark began a steady depreciation against the dollar, and the current-account balance, the broadest gauge of external performance, swung into deficit from 1979 through 1981.

Today, as the West German capital prepares for the world economic summit in May, there are even louder calls for a more vibrant economy. But the hosts of this year's summit harbor a rather different view.

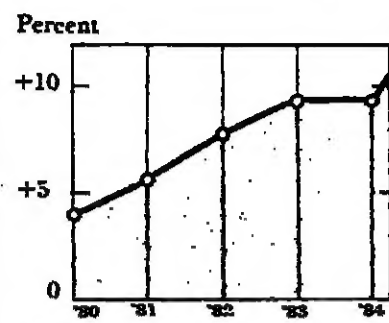
Since assuming parliamentary control in late 1982, the Kohl government has reduced the public-sector deficit to 48 billion Deutsche marks (\$15.5 billion) last year from 70 billion DM in 1982.

Among its priorities this year, the government hopes to reduce the deficit further to around 38 billion DM. In so doing, Bonn expects to shrink the government's share of gross national product to 48 percent, from 50 percent in 1982, opening up room for more private initiative.

To be sure, the architects of Bonn's tight fiscal policy will not be easily moved by the calls for reflation. Finance Minister Gerhard Stoltenberg, Economics Minister Martin Bangemann and the president of the central bank, Karl Otto Pöhl, have been singing the praises of their mix of fiscal and monetary policy. Last year, the mix brought West Germany a modest 2.6-percent economic growth, inflation at a mere 2.4 percent, the lowest interest rates in Europe outside Switzerland, a renewed willingness by German companies to make major investments and record surpluses in its current-account and trade balances.

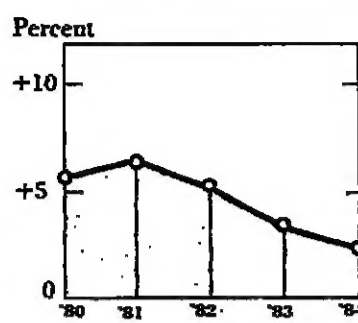
Far from experiencing a second postwar "economic miracle," as some observers saw it at the outset

Unemployment Goes Up . . .



NOTE: 1985, seasonally unadjusted.
Source: Federal Labor Office, Nuremberg

. . . But Inflation Falls



Source: Bundesbank

Robert Curk-Mueller: 1987

of this year, the West German economy may be operating at considerably below its potential. To a certain extent, West German industry has been encouraged by the Kohl government's policies. But from industry's standpoint, the results after two and a half years in office are mixed.

Hans Joachim Langmann, president of the German Industry Association, criticized the government for failing to make headway in corporate tax reform, in dismantling subsidies and in bringing greater flexibility to the labor market — in effect, Mr. Langmann said, it has left intact much of the same rigidity that stifled growth under the previous 13 years of Social Democratic rule.

While urging more supply-side stimulus, Mr. Langmann warned Bonn to eschew calls from the opposition for a relaxation of the government's tight rein on federal spending.

At a recent conference sponsored by the Association of German Bankers, Mr. Stoltenberg delivered a strong defense of his government's policy of economic austerity, stating that Bonn is not sympathetic to foreign prodding aimed at getting West Germany to accelerate growth.

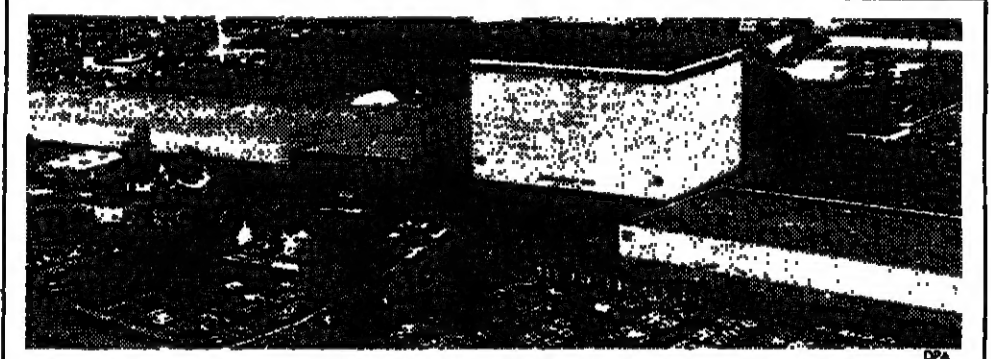
"There have been isolated calls from abroad for West Germany to neglect its policy of economic stability in order to provide short-term boosts to demand," Mr. Stoltenberg said. "After the bitter

experience of the late 1970s, we will not succumb to approaches of that kind.

"The longevity of the current growth phase will depend decisively on how well we succeed in maintaining the current degree of price stability. We cannot give inflation a second chance."

U.S. officials, notably Federal Reserve Chairman Paul A. Volcker and Commerce Secretary Malcolm Baldrige, have stepped up calls for West Germany to consider boosting economic growth beyond the 2.5-to-3-percent expansion projected by Bonn for 1985.

Stronger German growth is necessary, according to Washington, to pull the world economic recovery. (Continued on Next Page)



The Hannover Fair grounds.

Hannover's 'Fair of Fairs' Means Business

By Wellington Long

BONN — If the playwright Arthur Miller had been a European, his salesman protagonist, Willie Loman, probably would have spent much of his life displaying his samples at West German trade fairs.

European businessmen long have agreed that the best place to buy and sell is at a trade fair, where the decision is made on the spot on the basis of samples displayed and demonstrated. An American who discovered this a few years ago has said that a week at a European trade fair equals keeping a top salesman on the road for at least three months. The Hannover "fair of fairs," which opened Wednesday, and runs for a week, actually is a collection of product-specialty fairs held simul-

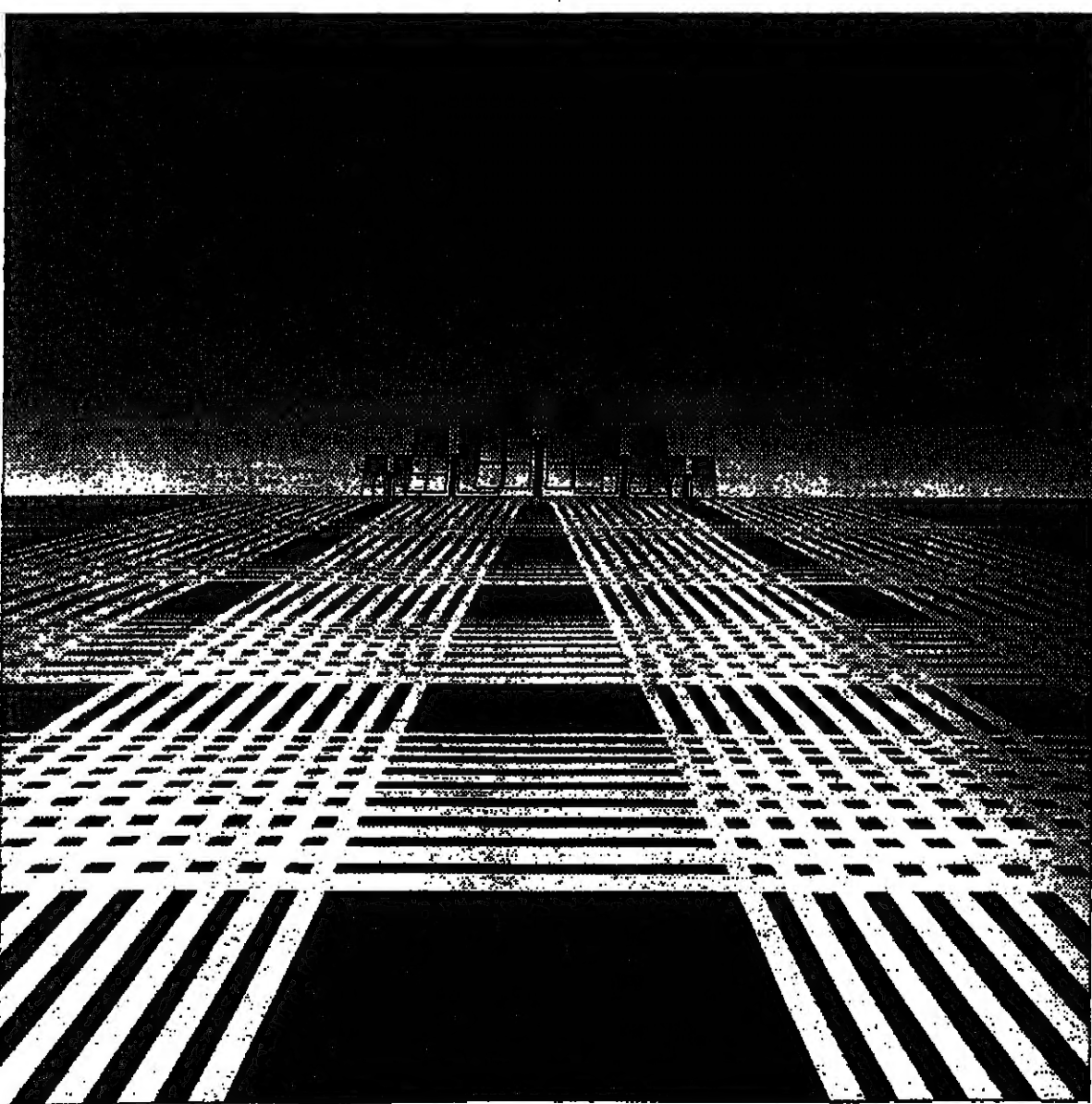
taneously at one huge fairground. This year, there will be a record 7,000 exhibitors.

Altogether, 102 fairs were held in West Germany in 1984, drawing more than 7 million visitors. Although most are annual affairs, some are held only every second or third year. This year, 90 fairs were scheduled. Most fairs will not open their doors to ordinary citizens except, in some cases, on certain days. An exhibitor may assume that most of the visitors approaching his stand are buyers, authorized to close deals then and there.

Hannover, although now one of Europe's leading industrial fairs, is not one of the traditional locations for such events.

It held its first fair in 1947, at the suggestion of

(Continued on Next Page)



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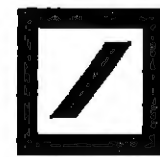
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A SPECIAL REPORT ON WEST GERMANY

For West Berlin, the Recovery Is More a Mood Than a Miracle

(Continued From Previous Page)

inherited the job last year from Richard Weizsäcker when the latter became president of the republic. (Governing Mayor is the official title of West Berlin's chief executive, and Senate is the name of the city government.)

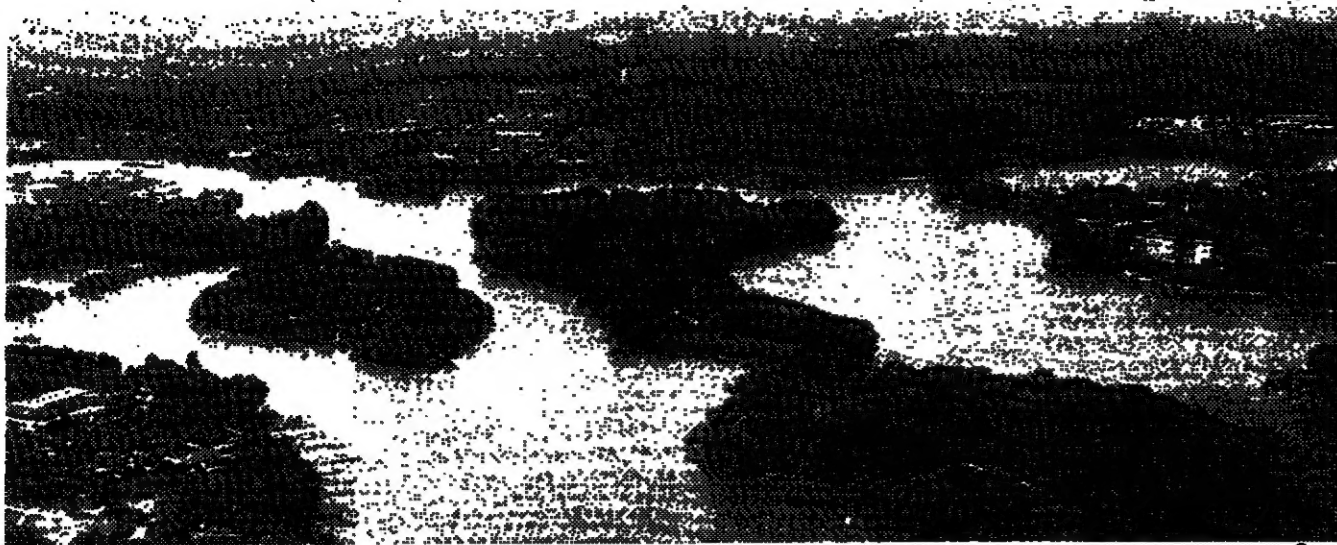
Mr. Diepgen's policy is emphatically friendly to business.

Elmar Pieroth, his senator for economics and transport, and his senator for science and research, Wilhelm A. Kewenig, both of Mr. Diepgen's generation, were the chief promoters behind the creation of a technology park called the Berlin Center for Innovation and New Enterprises, which has attracted much attention in the West German press.

A huge, majestically ornate but empty 19th-century factory building a few hundred yards from the Berlin Wall has been partly refurbished to accommodate the center. A part of the sprawling complex has now been put at the disposal of aspiring entrepreneurs, including science professors from Berlin's noted Technical University. They have been given space — usually a single room — furniture and some other facilities.

The building once housed AEG (Allgemeine Elektrizitäts Gesellschaft), an electrical-engineering concern, which, with more than 150,000 workers, is one of West Germany's biggest industrial enterprises. The company, which at its peak had employed some 18,000 persons in Berlin, cut the number drastically over the past several years in the course of a nationwide retrenchment. Its local work force has now leveled off at just over 7,000, and the leveling-off is regarded as a success for the city.

Walking down the long neon-lit hall, one reads on each door inscriptions like Tech-Writers, Cybertron and Datenet, and the second line on the name plate is apt to describe the company's endeavors as systems engineering, environment-protection instruments,



West Berlin, city of parks: Scharfenberg Island in Lake Tegel.

software microelectronics and industrial automation.

About 30 new companies have found space — as well as the stimulation of like-minded entrepreneurs and scientists on the premises. Many of the firms are one-man or two-man outfits.

Mr. Pieroth and Mr. Kewenig are especially proud of the budding interaction between professors and entrepreneurs, between academia and business — a tradition that is not strong in West Germany. West Berlin has some 180 institutes for science and research in addition to the Technical University, which is one of the leading institutions of its kind in West Germany.

The goal is to bring high technology back to West Berlin and to create a local Silicon Valley. Highly skilled university graduates will be induced to settle in Berlin instead of moving to West Germany and getting absorbed into the big industrial concerns there. Specialists in industrial and commercial planning, business administration, marketing and communications are also favored.

The aim also is to create small and medium high-quality firms that will increase the city's already large pool of highly qualified professionals and that are thought to be better suited for survival in the isolated city than the big traditional industries.

Mr. Pieroth is the scion of a wine-merchant family that has introduced door-to-door wine selling, with some 3,000 salesmen, to West Germany and that is reported to have launched a similar venture in the United States. He is given high credit for imagination, initiative and a flair for promotion.

Independent economists see the Innovation Center as an important long-range seed project but say that it has not yet had an appreciable impact on the city's economy.

Many West German cities have technology parks of their own. Munich and Stuttgart, with their concentrations of advanced industries, including the nation's leading car manufacturers, are the country's two foremost high-technology areas. Because of isolation, West Berlin will never be able to rival them,

a West German economist said.

"Silicon Valley it isn't," a West German diplomat who wishes Berlin well said of the city's high-tech ventures.

"Berlin," the same diplomat said, "is viable — with some help from its friends." He meant a lot of help.

West Berlin represents a budget burden of 13.5 billion Deutsche marks (\$4.28 million) to the West German government in 1985, the diplomat said. Bonn is paying 18.4 billion DM to Berlin and it received 4.9 billion in return in taxes.

Of the total paid by Bonn, 11.3 billion DM counts as outright budget subsidies — 53 percent of the city's budget. Bonn also pays the 1.3 billion DM it takes to keep American, British and French forces in the city.

Other items include more than 72 million DM for high-technology development — serving the same purpose as the Innovation Center and other initiatives — and about 60 million DM for a stockpile of food, coal, raw materials and other

supplies meant to last for a year at a time.

Industry and businesses of all kinds get extraordinary incentives. When a Berlin manufacturer sells goods processed or produced in the city to a West German customer, he receives a "turnover bonus" ranging from 3 to 10 percent depending on the value added to the product in Berlin. The customer also gets a preferential bonus of 4.2 percent of his purchase price.

A newcomer to Berlin can write off 75 percent of the value of his machinery, buildings and land as depreciation during the first year of acquisition. Nothing, one specialist said, prevents him from shipping the machinery and other assets to his West German branch a little later.

Investments in machinery and, to an even greater extent, in research and development, are partly tax-free. Special financing is available for a variety of purposes under the city Promotion Law.

Personal income taxes are 30 percent lower than elsewhere in West Germany. Corporate income taxes are 22.5 percent lower. "An enterprise located in Berlin will generate more than double the profit after taxes, with identical cost and revenue factors," says a brochure issued by the Berlin Economic Development Corporation.

Employees, too, are better off. They get tax-free bonuses of 8 percent of their wages.

West Berlin's unemployment rate of about 10.6 percent this February was the lowest in northern Germany but still higher than the national West German average. But it was almost twice as high as in Baden-Württemberg, the high-tech region in the south.

Special benefits, financial support from Bonn, an easing of social tensions in the city and relative quiet on the dividing line with East Germany seem to have had their effect.

Some leading West German industries are quietly building up their investments in the city.

Nixdorf, the computer manufacturer, which has been investing in Berlin for several years, has started construction of a new factory that will be its biggest plant outside the headquarters town of Paderborn in West Germany.

Siemens, which once had some 45,000 workers in Berlin, is now the biggest local employer, with 20,000 employees, and is moving into modern glass-fiber technology.

AEG is coming back cautiously with facilities to build modern electronic equipment in the place of the old electro-motors that it used to build here and that are now manufactured more cheaply in Spain and South Korea.



Highway near a Frankfurt industrial zone.

The Economy: Resisting Calls for More Steam

(Continued From Previous Page)

ery along should the U.S. economy slow considerably by year's end or into 1986. It is no less important for international confidence to be restored in the Deutsche mark, as West German growth rates catch up with those being posted in the United States, an argument that President Ronald Reagan recently asserted was the basis for the dollar's strength from the start.

In one of the rare hints that Bonn may be prepared to show some fiscal flexibility, Otto Schlect, under-secretary and chief economist in the Economics Ministry, said in an interview last month that Bonn was weighing contingency plans to stimulate the economy next year in the event that the U.S. economy turns down sharply. Consideration is being given to moving forward a 20-billion-DM tax cut and to a sizeable increase in public-works investment.

There is growing concern among economic observers that the West German economic recovery is not as self-supporting as the government says it is. Private demand, expected to rise a mere 1.5 percent, remains in the doldrums despite the tax cut on the horizon; the construction industry is sliding into its deepest postwar trough with no renewal of government aid in sight, and the 6-percent rise in business investment

projected by the government has yet to come in at that level.

The combination of these developments, plus severe weather in January and February, has led several German economic research institutes and banks to project a 0.5-percent decline in GNP in the first quarter from the previous three months. With industrial production down 0.6 percent in February, after a 1.8-percent decline in January, a Bundesbank spokesman recently acknowledged that the first quarter could show zero growth, marking a considerable slowdown from the 1.5-percent growth in the fourth quarter of 1984 and the 2.5-percent rise in the third quarter.

Consequently, these economists have begun posing some hard questions about the nature of the West German economic recovery, which now is in its third year: How will the economy fare if it is suddenly denied the export boom it enjoyed for the last two years, and, should the economy find the strength to maintain a moderate 2.5-percent growth, will that suffice to reduce unemployment? The jobless level was at a near-record 2.47 million in March, or 10 percent of the labor force, against 10.5 percent in February.

Mr. Bangemann says that growth of 2.5 percent or more this year would ease unemployment by 100,000 at year's end.

Hannover's 'Fair of Fairs' Means Business

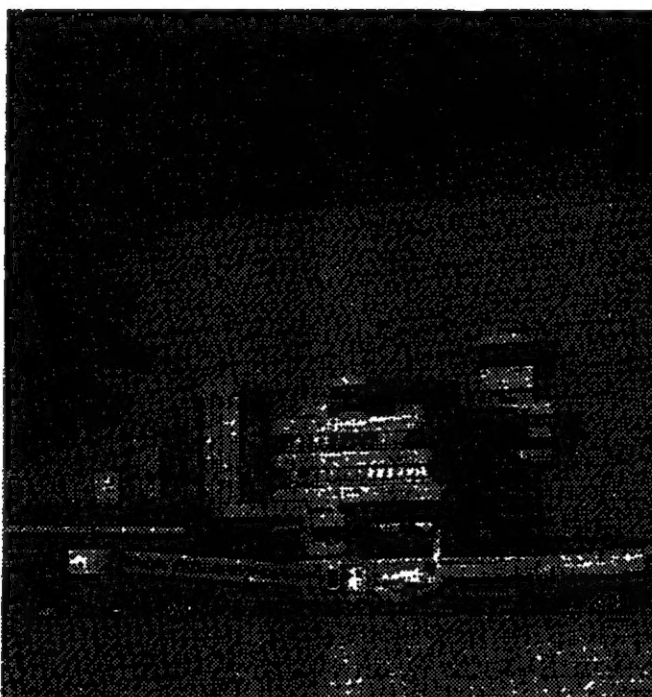
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an officer of the British Army of Occupation, mainly as a counter to the Leipzig Fair in East Germany. Hannover's geography played a role, being situated on the same north German plain as is Leipzig. Also, half a dozen halls that once housed an aircraft factory were available for exhibits. Its exhibition area now exceeds 500,000 square meters (596,000 square yards), and it has its own railroad station.

Visitors from the United States who are used to

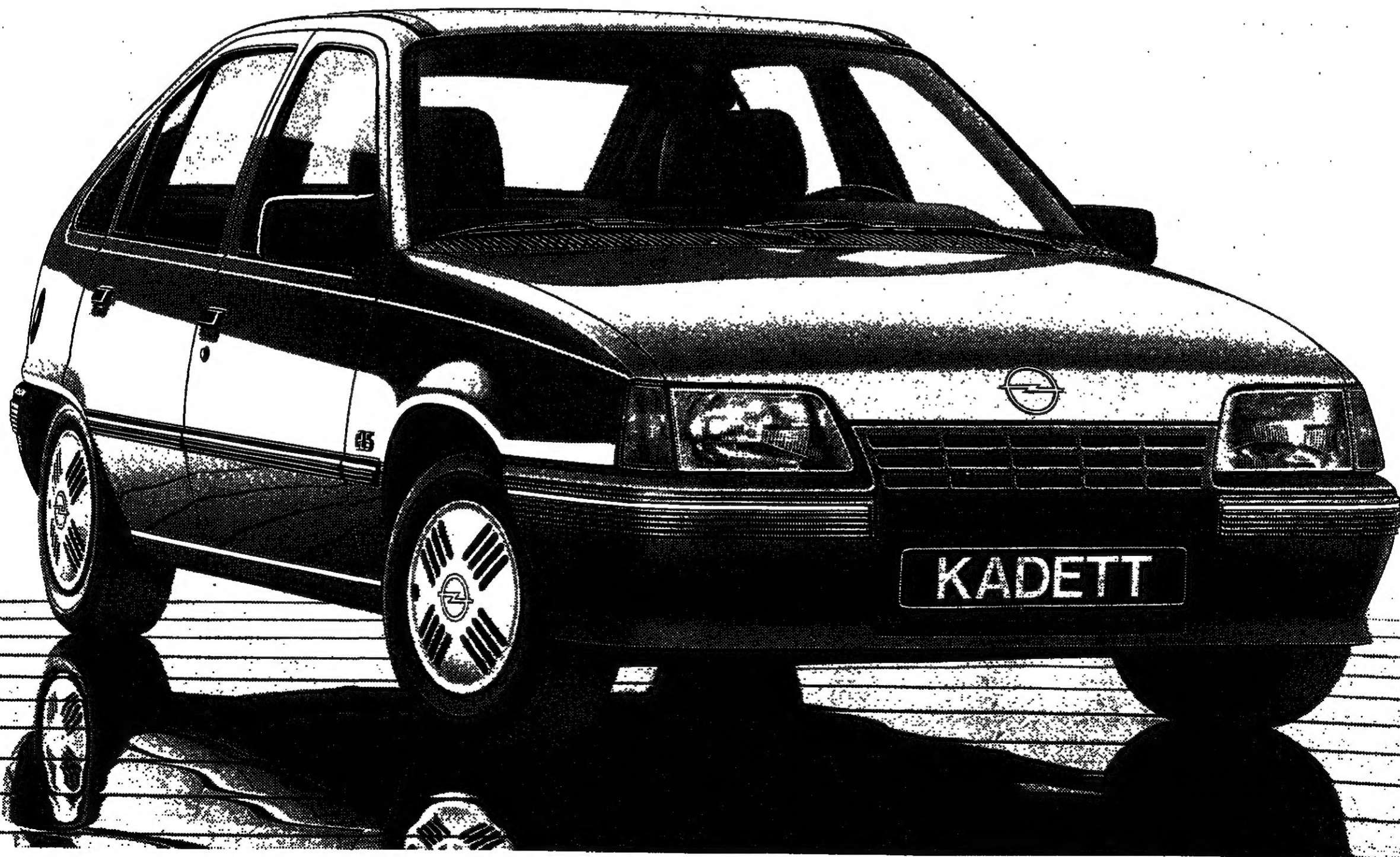
fairs that are a hybrid of convention and vacation are warned: German fairs are not vacations and anyone showing his goods must be prepared to close a deal, not weeks later after an initial contact at the company stand, but immediately.

In a booklet prepared by the U.S. government, prospective American exhibitors are cautioned never to address a visitor to the fair stand by his or her first name, and to dress conservatively — and, as Willie Loman would have added, keep those shoes shined.



Tegel Airport in West Berlin.

Why the experts chose the new Opel Kadett Car of the Year 1985.



These are just a few of the many reasons why 51 journalists voted overwhelmingly for Kadett:

"... the new Kadett has an aerodynamically efficient shape that contributes to good economy. Good value for money."

Iva Maasing, Motor, Sweden.

"... the all new body has a strong

visual identity and plenty of room for passengers and luggage. Good balance, excellent roadholding, easy to service and a wide model range are qualities that count."

Hans Oravdal, Motor, Norway.

"For me the new Kadett is car number one this year because it does not only set the aerodynamic standards in the

smaller class, but also is a genuine example of craftsmanship."

William Leniger, Autokampioen, Holland.

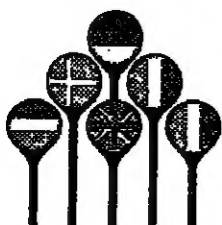
"Remarkable composure on the road, excellent comfort in motion, exceptional aerodynamics — for a 4-metre vehicle, good consumption, are the main qualities."

Jean Bernadet, Freelance, France.

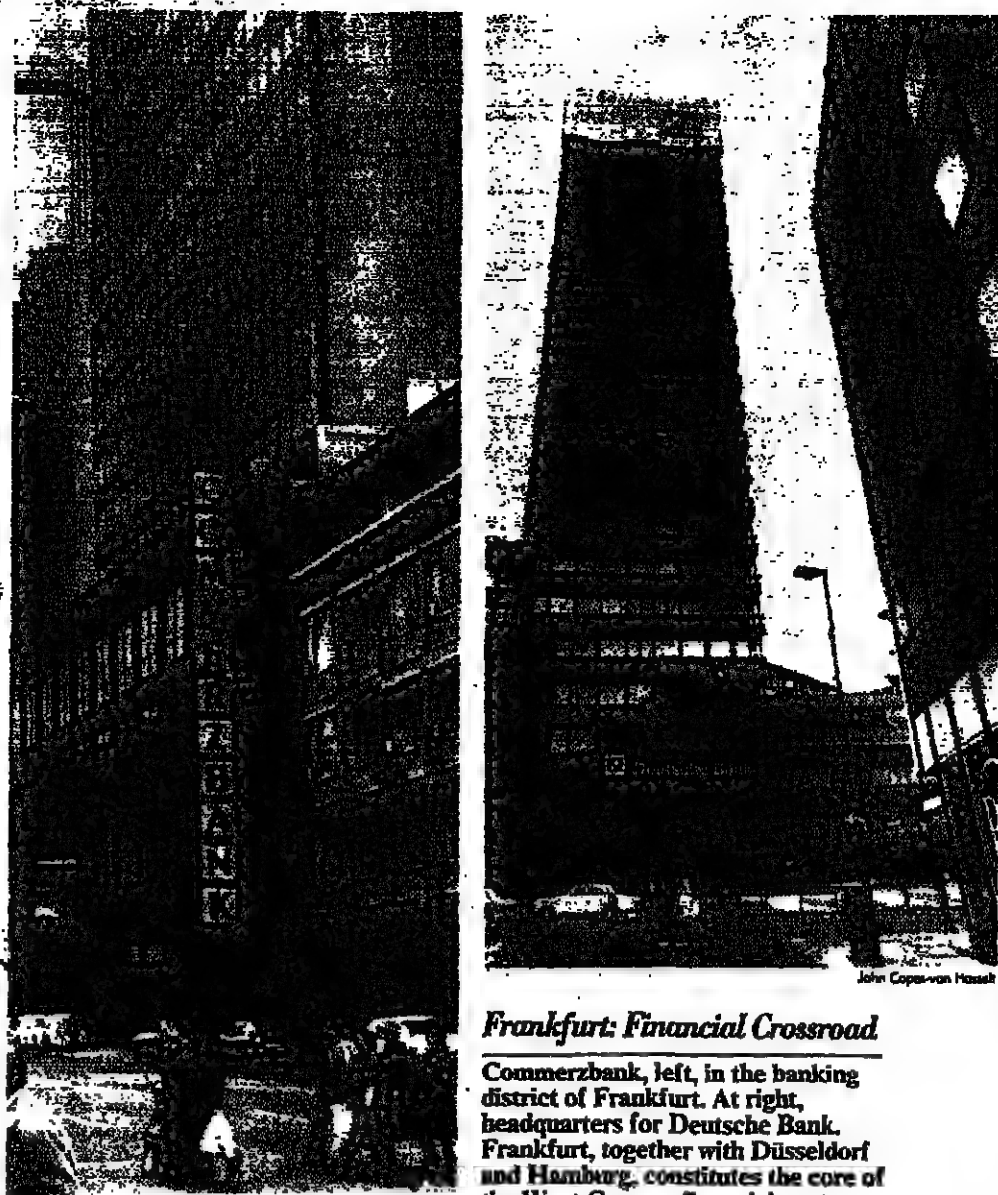
But for us the most important expert is you, today's driver. Because it is around you that we engineered the new Kadett.

Test the Car of the Year at any one of the Opel dealers across Europe.

OPEL
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CAR OF THE YEAR

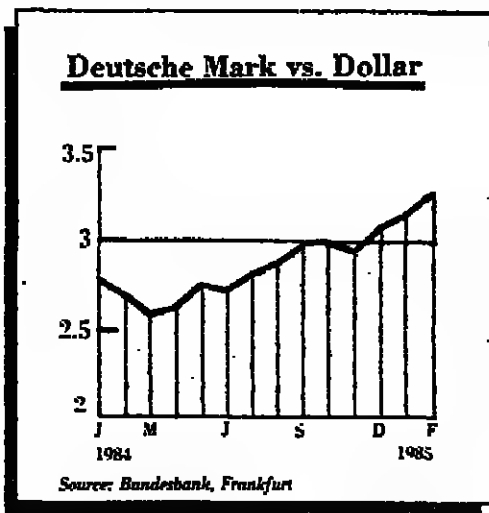


Frankfurt: Financial Crossroad

Commerzbank, left, in the banking district of Frankfurt. At right, headquarters for Deutsche Bank. Frankfurt, together with Düsseldorf and Hamburg, constitutes the core of the West German financial centers.

The DM: Ways to Make the Most From Gains in Exchange Rate

At the first sign of a break in the high dollar, investors from all over the world would rush their money to West Germany, adding more downward pressure on interest rates.



FRANKFURT — If the dollar weakens further against the Deutsche mark, those who already transferred money into West Germany stand to make a currency-exchange gain. For those seeking conventional investments, there are ample opportunities in West German bonds or stocks. Moreover, apart from the usual return on interest or dividends, there is a chance to benefit from the rise in the value of the mark.

After a moderate rise at the beginning of last year, the mark, partly reacting to the long metalworkers' strike, started on a slide that continued throughout the year and during the first seven weeks of 1985, ranging from a monthly average of 2.806 to the dollar in January 1984 to 3.292 in February 1985. In the course of the past 20 months, the mark traded at a high of 2.5391 to the dollar on March 7, 1984, to a low of 3.469 on February 26, 1985.

"Part of the world population expects a revaluation of the DM; that is why we can afford to have a lower interest rate than the United States," said Hans Christian Schroeder-Hohenwarth, chairman of the supervisory board of Berliner Handels- und Frankfurter Bank and head of the German Private Bankers' Association. "I think in time we will have a development to improve the situation of the DM against the dollar... the question is when. But if you buy now with very favorable exchange rates, you can get German bonds with quite a good interest yield."

Mr. Schroeder-Hohenwarth feels that DM-denominated issues, rather than those in higher yielding currencies like the Danish krone, are what international investors should buy because of the devaluation risk in kroner or other currencies. "Stuck to the DM," he advises.

Bankers around West Germany are generally saying the same thing. In addition, they say, if the dollar starts to weaken, the German authorities may push down interest rates to stimulate the economy, thus enabling holders of bonds to make a capital gain.

Moreover, at the first sign of a break in the high dollar, investors from all over the world would rush their money to West Germany, adding more downward pressure on interest rates.

Nigel Farmer, of the British brokers and bond specialists Phillips & Drew, agrees with this scenario. "Money will go to Germany, especially from the United States, and a lot of it will go into DM bonds," he said. "So far, only about 10 or 15 percent of overall U.S. portfolio investment has gone international, so the potential flow is considerable."

Mr. Farmer said, however, that foreign investors should be wary of a market they do not know well and should stick to Bundesrepublik paper — "overall the safest" — since there no longer is any tax advantage for owning Euro-DM issues from less worthy borrowers, the withholding tax having been eliminated.

Another British analyst, Timothy Plaut, of Savory Mill & Co., favors stock-market plays in West Germany. He thinks that foreign investors should buy stock in the so-called "holy trinity" of best-known West German stocks — Daimler, Siemens and Deutsche Bank — and he particularly favors Deutsche Bank, which he sees as "the purest play for the domestic recovery."

If interest rates fall, Deutsche Bank, merely as a bond owner, will earn more and its yield income can jump 50

percent. Mr. Plaut points out that buying Deutsche Bank shares is a way of buying into the West German economy since its industrial holdings include 7 percent of Allianz Versicherung, the insurance group; 20 percent of Herten, retailers; 25 percent of Karstadt, also a retail chain; 28 percent of Daimler, the automobile manufacturer, and 33 percent of Philipp Holzmann, the construction company.

The Daimler holding alone is worth half the total market capitalization of the bank. While Siemens is up 170 percent since the August 1982 bull market began and Daimler is up 135 percent, Deutsche Bank is only up 70 percent.

Analysts at Portfolio Management in Munich have reduced their rating on all West German banks to a holding neutral 3, on a scale of 5, as a revaluation play, although they rank it as a safe-to-buy 2 as an investment. And Robeco, the largest mutual fund group on the Continent, has halved its holding of Deutsche Bank and put the money into other shares like Alldieph, the Philips subsidiary in West Germany, and Preussag, and into 4-percent Deutsche Bank convertibles. Convertibles in normal markets give increased leverage, but Germans are reluctant to pay premiums on them.

Another stock favored by Mr. Plaut is Beiersdorf, maker of Nivea creams and cosmetics, and Tesa adhesive tapes. It may scare off some investors because it is typical of smaller West German firms in not publishing a consolidated report. As with bonds, German banks will handle trade for investors.

— VIVIAN LEWIS

The Old Soldiers of Banking Making Way for New Faces

FRANKFURT — "We are in a time of change of generations, not just in banking, but in industry, too," says Hans Christian Schroeder-Hohenwarth, head of the German Private Bankers' Association. "The generation of old soldiers is stepping down for younger men, people who traveled abroad as youngsters as we could not do, who are more internationally educated," he says.

Mr. Schroeder-Hohenwarth himself last year stepped down as speaker of the managing board of Berliner Handels- und Frankfurter Bank, one of the German Big Six, to head its supervisory board and the banking association. But other new faces are now being seen at the managing boards of other banking offices in other skyscrapers around this city.

Earlier this year, a new speaker was named at Dresdner Bank, and next month a new co-speaker will be formally installed at Deutsche Bank, the largest in West Germany. In German banking, with a two-board system, the speaker of the managing board is the chief executive.

Because he is not formally on the job, Deutsche Bank's next co-speaker, Alfred Herrhausen, 55, will not talk to the press. He is replacing Wilfried Guth, 65, who is moving to the supervisory board, a move typical of a German banking career — and typical, too, of the smoothness of transitions at Deutsche Bank.

"The style and strength of Deutsche Bank include its great continuity," said Heinz Sippel, speaker at Hessische Landesbank. "In two years, the co-speaker at Deutsche, Wilhelm Christians, will also be retiring. Since there is as yet no official crown prince, it is possible that Herrhausen will be sole speaker."

Mr. Sippel feels that it is Deutsche Bank's policy to "build up future heirs." He says, "They are made to prove themselves, and for every position there are several candidates." And, he adds, "at Dresdner things are otherwise."

Dresdner's new speaker, Wolfgang Röller, said: "Today's banking is no longer the banking of the 1950s or 1960s. I feel that those who were in the top position in the banking industry in the past were challenged like we are, but within a different market environment and, therefore, with a different business philosophy."

Dresdner's transition problem is not the first that has troubled West Germany's second largest bank. Virtually since its speaker, Jürgen Ponto, was assassinated by the Red Army Faction in 1978, and an outsider, Hans Friderichs, a politician, was brought in to assure the succession, Dresdner has been forced to beef up its second-level management because of gaps at the top.

Now, Mr. Friderichs has resigned to fight charges that he accepted bribes for his Free Democratic Party in the Flick case, in which the company was accused of tax evasion. The new speaker of the managing board, Mr. Röller, 55, is a career banker with Dresdner. His appointment has, nonetheless, caused a few eyebrows to be raised in German banking circles. Mr. Röller, unlike his Big Six colleagues, is a man from the dealing side, not a commercial banker. Rather than worrying about loan portfolios or the administration of the important industrial and financial participations of his bank, he is a man of the markets side, having had responsibility since 1973 for bond trading, portfolio management and, later, for currency, bond and gold dealing.

A German banker indicated it

was not surprising that it was at Dresdner Bank that the first man from the trading side reached the top.

"Dresdner is more exposed to trading gains than other large banks," he said. "This is part of its history. It is also more involved in the stock market."

But another banker thought the Dresdner appointment was part of a trend. "Traders are moving into ever more powerful positions," he said. "Capital markets, bond issues, foreign-exchange experts are profit sources for German banks, more than pure credit business." But this man, himself a trader, warns that there is an obverse side to the coin.

"Traders also become the scapegoats for banks' misfortunes," he noted. "Board members can get their heads cut off. So they learn to make decisions and justify them. A misjudgment on the trading side can cost ten times as much to the bank as the worst loan write-off, if you are wrong on refinancing or the rate of the dollar."

Mr. Herrhausen, the new appointee at Deutsche Bank, has other qualities than sheer trader's nerves. A man with good political connections — he was rumored to be under consideration for the Economics Ministry — Mr. Herrhausen has been called "an terrible simplification" by one of his rivals. Mr. Herrhausen has a gift for summing up an argument, expressing a point of view, which he demonstrated in earlier meetings when he discussed the future of the German economy from his old base in Düsseldorf. But there was nothing simplistic about his views.

He has a business background, having first come aboard Deutsche Bank from financial management at Vereinigten Elektrizitätswerke Westfalen. In the abortive attempt to restructure the German steel industry, he served as one of the "three wise men" seeking to resolve the problems of the Krupp group. Earlier, he had advised on bank-reform legislation.

"He has a reputation of not only being a banker, but also being a tough and experienced industrialist," said Hans-Dieter von Meibom, managing director of a small private bank, Metzler.

With his industrial background, Mr. Herrhausen also brought a bit of politician's savvy to his banking career. As he told the German business magazine Wirtschafts Woche before his appointment: "I didn't follow the philosophy of trying to earn the last fraction. That is no way to build up a friendship. You don't win with might."

Mr. Herrhausen's political skills and Mr. Röller's adeptness at adjusting to markets will be tested this year as German banks seek again to reach record earnings. In recent years, being the leader had given Deutsche Bank a growing edge. But the skills of Deutsche's top management are those of an orderly and conservative general staff, not those of fleet-footed entrepreneurs. "They are not innovators, but systematizers," a former German banker said.

Yet, given the challenges facing German banks, Deutsche, with its unmatched portfolio of industrial and financial interests, looks likeliest to win out, for example in the new competition over Euromark underwriting or the bid to offer financial services like insurance or the boom in new issues.

Over at Hessische, meanwhile, Mr. Sippel, 62, is preparing his resignation. He is to be succeeded by Herbert Kazmierzak, 53, a Luxembourg-born industrial and real-estate banking specialist.

— VIVIAN LEWIS

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Worker at an aviation factory in Ottobrunn.

A SPECIAL REPORT ON WEST GERMANY

As Jobs for Youth Decline, Reformers Want to Make Schools More Practical

By Herb Altschull

BERLIN — Jobs for university graduates, especially in the humanities and social sciences, are growing more and more difficult to find in West Germany. The country seems to be full of Ph.D. graduates driving taxis and working as salesmen.

The political Right blames the Left, and the Left blames the Right.

Meanwhile, it is clear to everyone that West Germany, once the world leader in Nobel scientific prizes, has fallen close to the bottom among industrialized nations in this category. It is Japan and the United States that dominate the field in electronics, computers, even cars.

Moreover, unemployment in West Germany reached double digits this year for the first time. Can new directions in education, it is asked, remedy the situation and ensure West Germany an enduring position of leadership among the industrial nations?

To some, like Karl Deutsch, the political scientist who directs a think tank in Berlin, the answer is no. He says the system of higher education is muscle-bound by a rigid class system and dedication to a traditional past.

To others, like Peter Glotz, business manager of the Social Democrats and an education specialist, the problem does not lie with technical and engineering schools, which he says are turning out top people in their fields, but with the academic studies in the "soft sciences" and humanities.

In any case, while the prerogatives of the all-powerful professors were weakened during the years of upheaval at German universities in the 1960s, changes in the hierarchical system were often merely cosmetic. Still today, assistant professors are without power and students remain mere vessels in which to pour accumulated wisdom.

Educational pioneering was never strong in Germany, Mr. Deutsch says. To him, "the Germans have always studied the wrong kind of history, always about rulers and dates. They have never studied discoveries."

Chancellor Helmut Kohl blames previous Social Democratic governments for placing too much emphasis on sociology and setting back the progress of German research and industry. Those Socialist governments, Mr. Kohl told a meeting of his Christian Democratic faithful in February, "endangered our schools and universities with their educational experiments."

Socialists like Mr. Glotz do not see it that way. Neither do independent analysts such as Mr. Deutsch or Shepard Stone, director of the Aspen Institute for Humanistic Studies in Berlin. Mr. Stone says many modernizing improvements have been made over the past two decades, but problems persist.

For example, there is the crowding of universities. "There are," he says, "too many students and not enough jobs for them, especially in the humanities." Moreover, he adds, too many of the students are continuing to train in the humanities. "The prevailing level has always been the theoretical."

Students need to be alerted to the real world, Mr. Glotz says, and that means high school teachers must steer their students into the 20th century. "We need," he says, "more engineers and fewer students of classical literature."

Mr. Glotz left little doubt that he thought the academic profession was filled with too many poorly trained and unqualified persons who had gained their positions during the 1960s and now hold lifetime civil service jobs.

One area of special concern to Mr. Glotz are medical schools, which have fallen behind in research, partly as a result of their unwillingness to seek research funding from private industry.

But, Mr. Glotz says, "our engineering schools are as good as any on earth."

Students at universities from one end of the country to the other continue to grumble that what they get in the classroom is of little use in preparing them for the tight job market. It is true that the woods are full of graduates hunting for jobs. A recent study predicts that by the year 2000, there will be one-third as many jobs available for college graduates as there are today.

The joint Federal-State Commission for Planning in Education and Research predicts that if present trends continue, 2.7 million students will finish university and enter competition for 900,000 jobs during the next 15 years.

The most worrisome area is the one that historically has attracted the greatest number of university students: teaching. The planning commission reports that a third of all unemployed college graduates did their training as teachers, and the problem is likely to worsen. The falling German birth rate means a decline in the school population between now and 1992 of 21.5 percent, and even fewer jobs for teachers.

Educational policies in the 11 West German Länder (states) differ substantially. Those under the control of the Christian Democrats move in one direction, those under the Social Democrats in another. Joint panels such as the planning commission try to smooth over what may be an irreconcilable division.

Mr. Deutsch speaks of a "two-culture syndrome," in which learning has been divided into the aesthetic and speculative on the one hand and the natural sciences and mathematics on the other.

In the traditional German university, Mr. Deutsch says, the natural sciences have never seemed to be very important. "It was all right to



Youths in an unemployment office in Hamburg, left. Right, in Frankfurt, youths spend time in a games parlor.

recognize a scientific genius, but that didn't mean an educated person really needed to know anything about science."

Mr. Stone agrees with this assessment. "Traditionally," he says, "professors haven't liked to 'dirty their hands' by turning to banks and private industry for research support."

That pattern, he adds, seems to be changing, especially in engineering schools and among scientists, who, like their colleagues in the United States and Japan, have been turning more and more to private sources for funding.

The fact that a problem exists in education is clear enough to the Germans, and they are trying to do something about it. In fact, the Länder governments have been considering a variety of solutions. The Christian Democratic states see the answer in developing a new intellectual elite, the Socialist states in bringing about greater democracy in education.

"Both go too far," Mr. Deutsch says. "What is really needed is what Jefferson wanted, an aristocracy of talent. The only kind of tradition in Germany is for an aristocracy of birth; that kind of elite. On the other hand, the Social Democrats want to go too far in leveling. It is difficult for anyone to rise to the top when everything is level."

Mr. Stone says, on the other hand, that notable progress has been made. One of the solutions often proposed as a counter to the overcrowded, impersonal universities are private colleges devoted to excellence in education, similar to the Ivy League schools in the United States. The idea is to create the kind of elite that Mr. Deutsch says is missing from the German scene.

Among the more ambitious such schools is the University of Witten, established in the industrial Ruhr two years ago and designed frankly to develop captains of industry as well as philosophers and artists. It is funded by

officials of some of West Germany's top bank and industrial concerns.

Appointed as dean of the university, which so far has been operating out of the second floor of a former grammar school, was Ekkehard Kappler, a professor of industrial management at the University of Wuppertal and author of some leading books in the field.

Professor Kappler is a man with a profound belief in the practical. From the beginning students must become acquainted with the real world, he says. Part of the curriculum involves working in what he calls "the jungle of a free market economy" and helping to solve real problems.

Classes are small and interdisciplinary. Students interested in economics must learn philosophy and mathematics and music. Students who want to become doctors must learn computer science and history. It is a matter of drive, curiosity and enthusiasm.



Workers leaving the Volkswagen factory at Wolfsburg.

Flexibility in Hours, Saturday Shifts Becloud Labor Gains

BONN — On April 1, about 4.2 million West German workers began to enjoy the rewards of a bitter seven-week strike staged last summer, reducing the 40-hour workweek to an average 38.5 hours with no cut in pay.

The metal workers' union, IG Metall, heralded the development as opening the door to the 35-hour week, and some of its more optimistic officials even predicted a 30-hour week by the late 1990s.

But the celebration was overshadowed by management and government suggestions that Saturday factory shifts should be reintroduced so as to make maximum use of plant.

The 1984 strike ended with a compromise agreement that permits flexible scheduling of work and says that in any given plant, the average of all hours worked in a year must be 38.5 per employee.

Union and management leaders in other countries — and potential foreign investors in West Germany — are watching closely to see how the new flexibility is applied.

Dieter Kirchner, general director of the Federation of Metal Working Trades, says that there are three possibilities:

• Flexi 1, whereby each worker in a plant is treated

individually according to his task, some working only 37 hours a week, others continuing to work 40 hours. The majority, however, will be working 38.5 hours so that the average for all at the end of the year is 38.5 hours.

• Flexi 2, whereby shifts are scheduled according to the work available, so that everyone averages 38.5 hours per week over two months.

• Flexi 3, whereby everyone continues to work 40 hours per week, but receives an additional nine paid days off per year.

Within the framework of Flexi 1 and Flexi 2, some companies have decided to simply cut each shift by 13 minutes, others will let everyone leave 90 minutes earlier each Friday, some will let everyone leave three hours earlier every second Friday.

In the main, the least skilled workers and those 57 years of age or older will work 37 hours, while the most skilled and the foremen will continue to work 40 hours.

In all cases, machine running time remains unchanged.

That is where the possibility of reintroducing Saturday shifts comes in. Norbert Blum, the former Opel factory worker who is now minister for labor and

social affairs, said that "in the long run it is going to be too expensive to permit modern robots and machines to sit idle through each entire weekend."

Predictably, union leaders initially reacted angrily to the suggestion. They remember the fight for the five-day week during the late 1960s, when union members walked picket lines with posters bearing pictures of small children crying "on Saturdays, daddy belongs to us."

But on consideration, some admitted — although not yet loudly — that reintroduction of Saturday shifts might be attractive if offered to workers as an option. A man who is the only employed person in his family might prefer to work Saturdays so that he can take the family shopping on weekdays when the crowds are smaller or use his days off to deal with government offices that are closed on Saturdays. Of course, Saturday shifts would be less attractive to families in which both husband and wife work.

When the metal workers' union and the printing trades workers went on strike last summer, they argued that by forcing a reduction of the work week, they were helping fight unemployment because management would be forced to hire more workers to maintain production.

So far, that has not happened. Mr. Kirchner and other management spokesmen insist that any company that has been hiring recently has done so only because of increased orders. However, union leaders remain convinced that by the end of this year, the 38.5-hour week will have triggered a delayed wave of new jobs.

But for the moment, unemployment remains high. It averaged 2.27 million, or 9.4 percent of the work force, in 1984, rising seasonally to peak at more than 2.5 million, or about 10.5 percent, last winter. At the end of March, the figures were 2.474 million, or 10 percent.

These are high figures for a country that during the boom years of the 1960s and 1970s enjoyed an unemployment rate of 2 percent.

But even more worrying is that so many of those out of work have been jobless for so long. Of the 2.14 million unemployed at the end of September last year, 397,000 had been without work for from one to two years, and 303,000 were out of work for more than two years.

— WELLINGTON LONG

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Engineering — Made in West Germany

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INTERBRAU
World Fair for Beverage Technology
3-10 May

COSMETICS*
6th International Trade Fair for Cosmetics, Health and Beauty Care with Accessories
31 May-2 June

LASER OPTO-ELEKTRONIK
7th International Congress and International Trade Fair
1-5 July

35th MMT
Münchener Mode-Tage*
25-27 August

ISPO - Autumn*
23rd International Sports Equipment Fair
12-15 September

IGAFA*
13th International Trade Fair of Hotel and Catering Trades
21-25 September

INTERMONTEC
Alpine Installations and Equipment for the Sports, Leisure and Tourist Trades
8th International Trade Exhibition with Conferences
25-28 September

52nd MWM MODE-WOCHEN
International Fashion Fair
6-9 October

CERAMITEC
3rd International Trade Fair of Machinery, Equipment, Plants and Raw Materials for the Ceramics Industry
15-19 October

SYSTEMS
Computer and Communication
9th International Trade Fair and International User Congress
28 Oct.-1 Nov.

PRODUCTIONICA
6th International Trade Fair for Electronics Production
12-16 November

8th HBM + HANDWERK
Handicrafts in the Domestic Sphere with Special Shows and Technical Displays by the Different Handicraft Branches
30 Nov.-8 Dec.

DATES 1986 (First Six Months)

INHORGENTA MÜNCHEN*
13th International Trade Fair for Watches, Clocks, Jewellery, Precious Stones and Silverware with their Manufacturing Equipment
31 January-4 February

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1986
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9-11 February

ISPO - Spring*
24th International Sports Equipment Fair
20-23 February

IHM
38th International Light Industries and Handicrafts Fair
The Fair for Small and Medium-sized Enterprises
8-16 March

53rd MWM MODE-WOCHEN
MÜNCHEN*
International Fashion Fair
23-26 March

BAUMA
21st International Trade Fair for Construction Equipment and Building Material Machines
7-13 April

103rd Congress of the German Surgical Society with Exhibition
23-26 April

BURO
13th Trade Exhibition Office Technology, Computer, Office Furniture, Organizational Methods, Drawing Techniques
13-15 May

COSMETICS*
7th International Trade Fair for Cosmetics, Health and Beauty Care with Accessories
23-25 May

ANALYTICA
10th International Exhibition with International Conference
3-6 June

TRANSPORT
International Trade Fair for Freight and Passenger Transportation
10-14 June

Wood Construction and Home Improvement 86
including the 1986 German Wood Construction Congress
19-22 June

ELTEC
Exhibition for Electrical Engineering
26-28 June

INTERFORST
5th International Trade Exhibition Forestry and Round Timber Technology with International Congresses and Special Shows
1-6 July

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MESE MÜNCHEN INTERNATIONAL

'Privatization' Of Industry Runs Into Resistance

By Uli Schmetszer

BONN — The trend in West Germany toward "privatization" of state-owned business started in regional and urban administrations, where private contractors were called upon for tasks traditionally performed by local entities.

In this way, the state-run post office handed out its tunneling and recabling contracts to private entrepreneurs and the municipal garbage collector was replaced by local firms.

But when West Germany's new Christian Democratic coalition launched a program to offer private interests a large chunk of the wholly or partially owned state-run companies, the plan ran into trouble. Now, the coalition's initial project to privatize or reduce state participation in about 100 companies has been reduced to 12.

The pressure to "dilute" the plan came mainly from the ranks of the ruling parties. According to Der Spiegel, the weekly news magazine, politicians and party "friends" refuse to give up lucrative positions on the boards of state companies marked for privatization. Some of these advisory and consulting jobs bring in a secondary income amounting to as much as \$80,000 a year.

At the same time, trade unions fear that if the companies change hands, the new owners might try to cut costs by rigorously reducing labor, a measure few governments could accept. Supporting the unions, the opposition Social Democrats (under whose 13-year administration the state acquired participation in 271 companies) denounced privatization as "a sellout of the state."

But Finance Minister Gerhard Stoltenberg sees it as "a contribution to the rejuvenation of the economy." Chancellor Helmut Kohl feels that getting rid of the firms will allow the government to concentrate on what he calls "the core of its mission" — presumably, the job of governing.

Yet both Mr. Stoltenberg and Mr. Kohl will have to push hard if they want to salvage anything from the original proposal. "In the end, some token companies will be offered to the public, a far cry from the initial promise," an industrialist said.

One such offer has already been made. In January 1984, the state sold 13.25 percent of its 43.75-percent stake in the energy conglomerate Veba. The sale was to be the starting signal for jettisoning other company responsibilities, linked to a promise that the government shares to come onto the market

were to be made available first for "the little man."

Nobody was surprised, however, when "the little man" showed little interest in the Veba shares and the bulk was bought up by U.S. and Far Eastern interests.

"The patrimony of the state should not be used as a clinic for the foot diseases of the economy," said Hans Tietmeyer, secretary of state in the Finance Ministry.

Franz Josef Strauss, for example, is strongly against the state shedding 24.9 percent of its 79.9-percent holding in the national airline, Lufthansa. Bavaria's rightist prime minister argues that Lufthansa is not only a profitable concern but, as the national carrier, should remain firmly in state hands. His critics, however, point out that since 1983, Mr. Strauss has been on the executive council of Lufthansa and, as chief executive of German Airbuses, he fears that a winding of state influence might cause Lufthansa to opt for U.S.-made aircraft rather than European-made airbuses.

At the end of March, the government put through parliament a privatization plan to sell off part of its holdings in three companies and two banks. The measure will reduce the government's stake in Volkswagen from 20 percent to 14 percent. At the same time, 25 percent of government shares in the energy and aluminum holding company, VAG, are to be placed on the market.

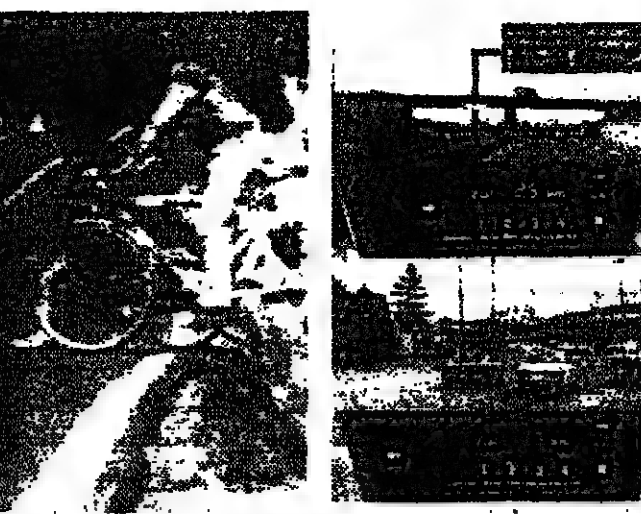
The government, however, will retain a simple majority in two small banks: the Pfandbriefanstalt and the Deutsche Siedlung und Rentenbank, while its share in the gas and oil exploration company, Praksis-Seismos, is to be reduced to under 50 percent.

The debate over Lufthansa is blamed for holding up the 12-company privatization proposal, which includes such concerns as the gas utility company, Thyssen; the aluminum producer, VAW (Vereinigte Aluminium-Werke AG); one of the government's seven financial institutions; the surveying firm Praksis Seismos; minor banks like the Pfandbriefanstalt and the Deutsche Siedlung und Rentenbank as well as a share reduction in Volkswagen from 20 to 14.1 percent.

The 12-company sell-off, which would also include the gas utility company, Thyssen, is expected to bring the state between 1.5 billion and 2 billion Deutsche marks. The program still has the support of the Free Democrats, the coalition partners of the Christian Democrats.



The Teves anti-lock braking system, above left; navigation computer system under research at Daimler-Benz, above



right. At far right, the new Mercedes-Benz route calculator system, which is designed to be easily within driver's vision.

A Rush in Electronic Memory Advances Pushes Forward Automatic Car of Future

By Pearl Marshall

STUTTGART — Drivers who are tired of having to reposition seat, steering wheel and mirrors every time someone else uses the car soon will have only to press a button for the changes to be made by an electronic memory device.

West German automobile makers such as Daimler-Benz and BMW already incorporate the seat memory in their vehicles. Now the race is on to add mirrors and steering wheel to the electronic-adjustment process.

Daimler-Benz is said to be planning to launch its electronic steering-wheel adjuster in a few months time, followed later by an electronic mirror positioner once its research engineers have perfected the technique. BMW says it is planning to introduce the equipment the other way around, adding the electronic mirror first, with the steering-wheel adjuster coming later.

The pace at which these and other electronic systems are being added to West German cars is boosting dramatically the share that electronic equipment contributes to the overall value of the vehicle.

Whereas, on average worldwide, electronic systems account for about 3 percent of total car value — an average that is expected to increase to 9 percent by 1990 — some West German automobiles already offer a much higher electronic contribution, often as much as 20 percent or 30 percent.

"Take the basic price (44,000 Deutsche marks), without value-added tax, of the 280 SE model, for instance," said a Daimler-Benz spokesman, Hans Kloos. "If you include all the standard electronics we offer in the S-class model such as the antilock braking system (2,947 DM) and then you add the airbag (2,140 DM), the route calculator and so on," he said, "reeling off a long list of electronic items, you can easily reach a third of the price or more."

These statistics illustrate just how important an industry the area of automobile electronics is becoming. West Germany has some of the leaders in the field.

Robert Bosch of Stuttgart, which helped BMW develop its comput-

erized seat memory, for instance, is biting deep into the U.S. market, particularly with its electronic fuel-injection systems, as well as taking the largest share of the auto-electronics business back home in West Germany.

Auto-electronics plays a significant role in Bosch's overall electronic production, which also includes communications electronics and accounts for roughly 24 percent of the company's annual turnover of 15 billion DM.

Bosch's Jetronic fuel-injection system is one of the widest used in the world today.

The Bosch group's American, French and Spanish production facilities, as well as its several factories in West Germany, have produced a total of 13 million fuel-injection units. It also has li-

censing agreements with Japanese companies to produce this equipment.

The first Bosch fuel-injection system was launched in a Volkswagen in 1967 and exported to the United States. Last year Bosch produced 2.2 million fuel-injection units and this year the target is 3.2 million.

Today, every third passenger car in West Germany is fitted with a Bosch fuel injection system. U.S. demand is growing at a rapid pace because U.S. automakers prefer the Bosch package, rather than invest enormous funds into research and development for their own fuel-injection systems.

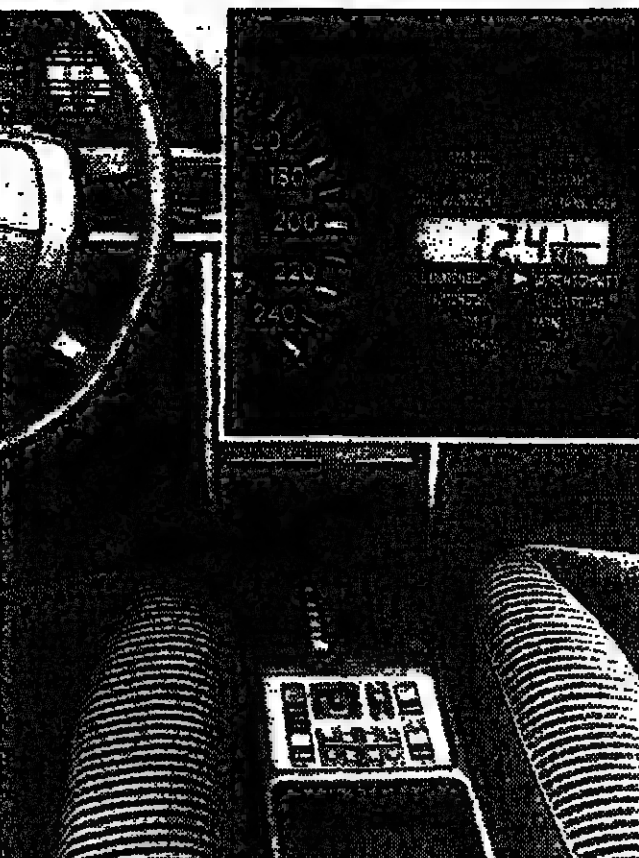
Another breakthrough in West German automobile electronics came in 1978 when Bosch, working separately with Daimler-Benz and

BMW, came up with the antiskid system, or antilock braking system as it also is known. This takes over when the driver jams on his brakes too hard and reduces the braking force just enough to prevent the wheels from locking.

In the last six years, Bosch has built half a million of these antiskid systems and has been the sole West German producer.

This year Alfred Teves, with headquarters in Frankfurt, entered the field as a strong competitor to Bosch. Initially, it is producing antiskid systems for the Lincoln Continental MK VII and is starting to equip the full range of Ford's new Granada series.

Another major West German auto-electronics producer is VDO, near Frankfurt, which supplies the main on-board computer in



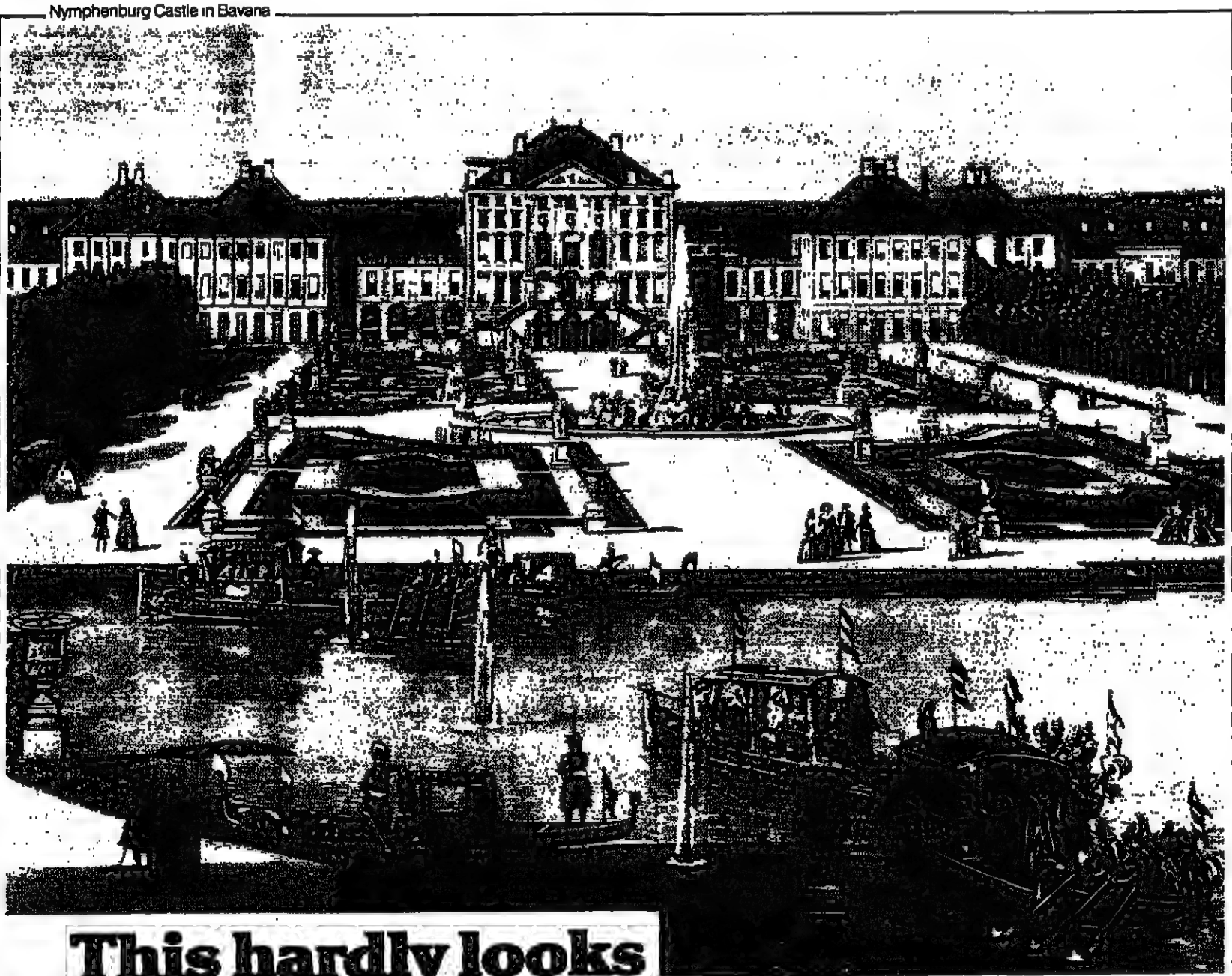
BMW's 745i model. This provides such information as how many kilometers or miles the car can travel with the fuel remaining in the tank.

VDO, with other West German firms, including Bosch, is supplying BMW cars with a check console that monitors functions such as defective rear lights. Any deviation from normal functioning is indicated on a display.

The visual preponderance of electronic equipment in some of BMW's models, including the on-board computer and the check console, give the driver a sense of almost being an airline pilot. In fact, BMW advertises this "cockpit" aspect widely as part of its sales efforts.

This approach, compared with Daimler-Benz's efforts to avoid glamorous electronic displays in case they overwhelm the driver with too many push-buttons and switches, underlines the wide difference in personal philosophy between West German automobile makers.

It is a question of the individual customer's preference. BMW said that in keeping with the results of market research it replaced its original on-board computer with a VDO model for the 745i "to make it less confusing."



This hardly looks like the hub of an international financial network.

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Audi Enters a New Social Class On Its Way to Bigger Profits

INGOLSTADT — In earlier years, Audi was known more as a solid, somewhat serious car, popular with civil servants. It was not inexpensive, but it was not a luxury item.

But over the last six or seven years, Audi has undergone a total personality change. It is now dashing — and more than just a little sporty — and is rapidly gaining in status and desirability, particularly in the United States, where it is viewed as a classy buy.

In fact, Audi now can boast that it has broken into the same social markets as the Mercedes-Benz, BMW and Porsche.

Its sales in the United States almost doubled last year, from 42,000 units to 72,000, placing it third in line behind Volvo (100,000) and Mercedes (80,000) in the luxury European import category. BMW was fourth, with 71,000.

Just how much of Audi's extraordinary success recently was planned and how much was luck is hard to tell. "It's been a little bit of everything," said Wolfgang Habel, the chairman.

The first indication of something new and special on the West German automobile scene came in 1981 when the Audi Quattro, a four-wheel-drive racer finished right up front in some of the world's toughest rallies. The Quattro went on to win consistently in the following years, helped by such rally stars as Hannu Mikkola, Walter Rohrl, and Michele Mouton.

In 1983, Mikkola and Arne Hertz, driving the Audi Quattro, won the world drivers' championship title, and in 1984 the Quattro and its drivers performed the double feat of winning both the world drivers' championship and the champion award for make of car.

This extraordinary success made a big impact on the public, and when Audi started introducing its concept of permanent four-wheel-drive transmission into some of its passenger-car range, its competitors worldwide were quick to follow suit.

Ford, for instance, has a four-

wheel drive on the market. Daimler-Benz is working on an electronic system for its Mercedes cars, which switches the car to four-wheel drive when it senses the need to improve traction, at the same time informing the driver of the change in operation.

The Mercedes version could be on the market as early as next year although Daimler-Benz will only say "in the near future."

But the new Audi image was not shaped by rallying successes nor

market back home where its market share dropped one percentage point to 6.1 percent. Mr. Habel gives a lot of credit for Audi's new image — exemplified by the Audi 100 — to his research and development chief, Ferdinand Pich, who went out of his way to choose engineers who understood the kind of image and technical advances that Audi wanted in designing a more modern and prestigious car, something that could easily be distinguished from the competition.

Just how much of Audi's extraordinary success recently was planned and how much was luck is hard to tell. "It's been a little bit of everything," said Wolfgang Habel, the chairman.

innovation of the four-wheel drive for the normal passenger car alone. There also was the automobile product itself, specifically the Audi 100, which helped redefine the Audi as a classier product.

Customer response to this model, known in the United States as the Audi 5000, was overwhelming. It could not have hit the market at a better time. Buyers in the luxury bracket were looking for something different, and here was an automobile design so advanced in concept that it won the title "Car of the Year 1983," as well as numerous other awards.

It was the Audi 100's success in the United States that helped almost double sales there last year. Mr. Habel said that Audi's high U.S. sales in 1984 had nothing to do with the strong dollar making imports cheaper, but was due rather to a predilection by the U.S. customer for European quality cars.

However, the dollar exchange rate naturally provided some additional profit and Audi was able to keep its prices almost down to 1983 levels. Audi's strong U.S. sales in 1984 helped make up for a slacker

The initial urge for a new direction came as early as 1969, when the company adopted a new slogan, which amounted to "advancement through technology." By 1978, Mr. Pich's team had created the blueprint for the Audi 100. Its shape was developed in a wind tunnel so that aerodynamic efficiency could be built into the design right from the start.

Alongside this development work, Audi was able to step up its output volume in order to bring in the kind of money that it needed to invest not only in new products but also in new plant. Its Ingolstadt and Neckarsulm production facilities are examples of the latest in manufacturing technology, with lots of automation and the latest robotics supplied by its parent company, Volkswagen.

In the case of the Audi 100, Audi was able to start building a brand new car in a brand new plant. The company invested some 3 billion DM between about 1980 and 1983 in its new plants, products, sporting activities and in other attempts to give itself a much stronger personal identity.

—PEARL MARSHALL

C-B-R MÜNCHEN

17th Exhibition Caravanat International Travel Mart

1985

1-9 February

35th MMT

Münchner Made-Tage

9-11 February

ISPO - Spring

24th International Sports Equipment Fair

20-23 February

IHM

38th International Light

Industries and Handicrafts

The Fair for Small and Medium-sized Enterprises

8-16 March

53rd MWM MODE WOCZ

MÜNCHEN

International Fashion Fair

23-26 March

BAUMA

21st International Trade Fair for Construction Equipment and Building Material

Machines

7-13 April

103rd Congress of the German Surgical Society

Exhibition

23-26 April

BORO

13th Trade Exhibition Office Technology, Computer, Office Furniture, Organizational Methods, Drawing Technics

13-15 May

COSMETICS

7th International Trade Fair for Cosmetics, Health and Beauty Care with accessories

23-25 May

ANALYTICA

10th International Exhibition with International Character

3-6 June

TRANSPORT

International Trade Fair for Freight and Passenger Transport

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A SPECIAL REPORT ON WEST GERMANY

Exports Boost Profits for Big Chemical Companies

FRANKFURT — West Germany's three biggest chemical companies — Bayer, BASF and Hoechst — could not be happier. Last year proved to be a bumper year as exports soared along with the dollar and the general economic upturn.

"A record-breaking year for Bayer," said the chairman, Hermann-Josef Strenger. His counterpart at BASF, Hans Albers, pointed out that "the chemical industry has enjoyed a disproportionately large share of the recovery."

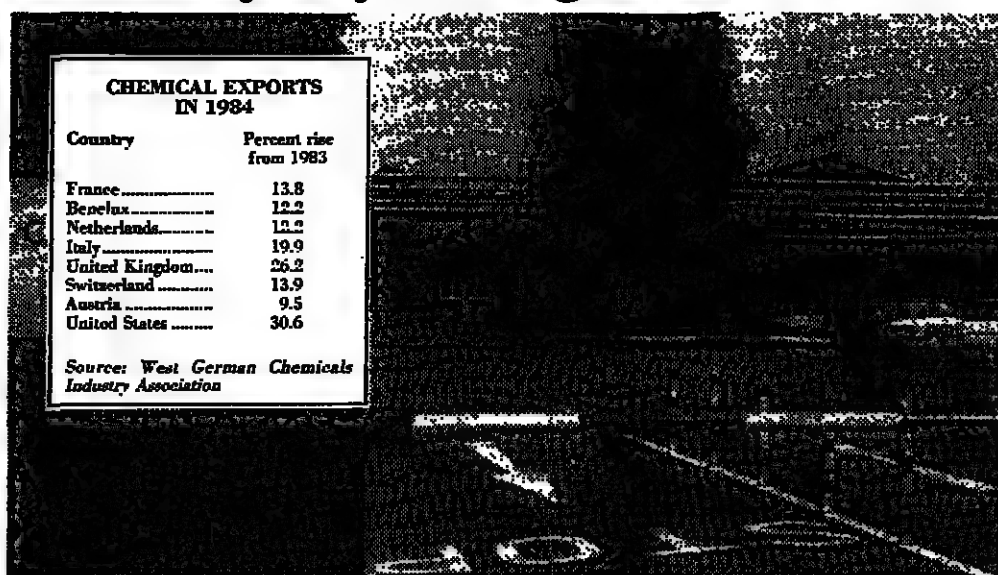
West Germany now exports more chemicals than it sells at home. It exceeded 50 percent for the first time last year as the dollar knocked out some of its U.S. competitors in foreign markets.

Sales last year rose to 141 billion DM, an increase of 11 percent. The export share, however, leapt by almost 17 percent, to 71.5 billion DM.

The Bayer group's North American sales topped its West German sales by more than 10 percent last year, for instance. Only a minimal amount of chemicals was actually exported from Germany. The rest of the North American business was done by Bayer's own subsidiaries located there.

Bayer now is launching a second expansion drive in the United States, aimed particularly at pharmaceuticals and other high-tech health products. Among its investment plans is a new drug and biotechnology research laboratory in West Haven, Connecticut.

Foreign business was largely responsible for the growth in both Bayer's world sales (up 15 percent, to 43 billion DM) and its parent-company sales (up 11 percent, to



The Boehringer chemical plant in Hamburg.

16.2 billion DM). Some 79 percent of the Bayer group's world sales were abroad.

Each of the three big chemical groups has world sales of more than 40 billion DM. Hoechst reported 41.3 billion DM in 1984, while BASF's figure was 40.4 billion DM.

Between them, the three parent companies contributed about 50 billion DM to West Germany's total turnover figure of 141 billion DM.

Chemical exports began to pick up as soon as the dollar started to climb around May 1983, establishing an undeniable link between the two. Exports to the United States by 1984, for instance, were 31 per-

cent more than the previous year. But the U.S. market is not as substantial as some of the other foreign markets. The United States places only sixth in West Germany's top 10 chemical customers, with the top five being in the European community.

Exports to the United States in 1984, for instance, did not even reach 5 billion DM, less than Italy (6.6 billion DM).

Almost half of West Germany's chemical exports go to the European Community, with France being the biggest consumer (7.3 billion DM).

Some of the export spotlight was on China in 1984, where sales increased 25 percent. Although the

sales (792.5 million DM) are relatively modest, compared with the size of the country and its population, West Germany expects a further expansion of business to China.

As chemical demand in West Germany and the rest of the world has picked up, German plants are being used more heavily, improving profitability. Capacity utilization now is about 85 percent, compared with well under 75 percent in the down years of the early 1980s.

Although 1983 was a good year and 1984 a record year, no one wants to say much about 1985 at the moment, especially with the bouncing dollar.

In one area of particularly poor profitability, plastics, German chemical companies have slashed capacity by about one-third in the past two to three years because of the world glut. Much of the reduction was from the closing of old plants that were uneconomic. Capacity utilization now is about 85 to 90 percent because of the loss of these plants and the economic upswing.

With expected increases in plastic production in the Middle East and Canada, however, West German plastics producers still may have to close down more capacity in the next few years. The Arab countries are expected to take from 5 to 7 percent of the German market by about 1987.

The West Germans also are worried about expansion of plastic capacity in the European Community, having seen France and Italy either not wanting to close down capacity or wanting to add new

capacity at a time when market conditions were much more negative.

Now they see some European producers, in light of the economic upswing, wanting to add, for instance, more than 200,000 metric tons per year of linear polyethylene — a product that is expected to be supplied at less cost from the Middle East.

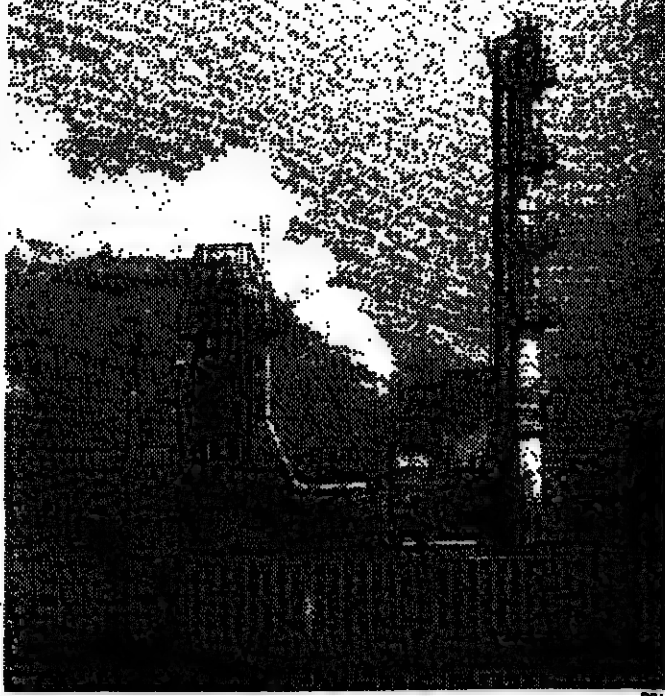
Where fertilizers are concerned, the European price war has caused tremendous problems to those companies intimately involved, particularly BASF.

The initial swamping of the German nitrogenous fertilizer market a couple of years ago by the Norwegians and the Dutch, whose fertilizer production was supported by subsidized natural-gas prices, has eased somewhat following a reduction in these subsidies.

At one point imports reached 60 percent of demand, but that figure has since been reduced to slightly above 50 percent.

BASF was so heavily engaged in fertilizers that its only recourse was to face up to the flood of imports and lower prices, as did other West German fertilizer producers. This led to substantial losses.

"We have been able to cut these losses decisively," Mr. Albers, the chairman, reported at the end of 1984, explaining company efforts to modernize, consolidate and rationalize production.



Phosphate production at Hoechst plant in North Rhine-Westphalia.

The company made up for poor profitability in this area by increasing its sales in plant-protection products, such as fungicides and pesticides, and other agricultural chemicals, and by doing well in chemical intermediates and fiber raw materials.

"Plastics are booming again," a BASF spokesman said. "We are

running at 100-percent capacity or more."

With these successes, the Ludwigshafen-based parent company was able to boost its sales revenue in 1984 by 17 percent, to 19.8 billion DM. Its profit, before taxes, showed a 46.9-percent rise, to 1.32 billion DM.

— PEARL MARSHALL

A Bavarian Accent on High Technology

(Continued From Page 9)

move of West Germany's largest home-grown computer firm, Nixdorf, to Munich, from Fadenborn, east of the Ruhr industrial basin.

The region around Munich brings together the life-style ingredients for high-tech industrial development: a famous university and technological institute, an intense cultural life, good schools, pleasant housing and great sports areas for skiers, climbers and swimmers. The relaxed Bavarian manner is also part of the appeal.

Still slow to appear in Munich, compared with the United States, is the support system for new high-tech start-up firms. Mr. Prommer's consultancy, a handful of venture-capital sources, the timid attitude of bankers — this is not on the scale of Silicon Valley.

"What is happening is more a matter of adapting than of research and development," Herman Wolf Richter, an independent computer-marketing consultant, said. "It is incorrect to talk of Silicon Valley here, unless you use an enlarger."

To help develop Munich's "Silizium-Tal," there are three new projects for technology parks around the city, in Neuperlach, Westend and the Eiroindustrialpark. The latter puts firms of differing sizes, offering both hardware and software, under one roof.

In this way, Munich seeks to add 20,000 electronics jobs by 1989 to the current 10,000.

Recent proof of the appeal of Munich was the

mans working for U.S. firms in the area. "American management knows how to plan and control costs; they are flexible and innovative," Mr. Prommer said. "And they believe it is important to get rich."

Mr. Wolf ticks off the international companies that cluster in the Munich region as proof that it is a good place for ventures like Electronics 2000 to be: Texas Instruments, Siemens, Motorola, Intel, National and Fairchild, among others.

In the view of a specialist from the leading local bank, Bayerische Vereinsbank, which is just beginning to finance and assist some of these start-up firms, Bavaria is home to about 40 percent of West German software companies and distributors of components and software. Berlin, which has offered subsidies to draw high-tech firms, has been less successful and businessmen tend to avoid the high-unemployment smogstack regions like the Ruhr for electronics ventures. Only Baden-Württemberg, Bavaria's neighbor to the west, is as important in the high-tech business.

Siemens alone is believed to buy 1 billion Deutsche marks (\$31.056 million) worth of components each year, in a total German market of about 3.8 billion.

Recent proof of the appeal of Munich was the

Trade Profile: The Top 10 Partners

EXPORT MARKETS

Country by Rank	Percent
1. France	12.6
2. United States	9.6
3. Netherlands	8.6
4. Britain	8.3
5. Italy	7.7
6. Benelux	7.0
7. Switzerland	5.3
8. Austria	5.0
9. Sweden	2.7
10. Soviet Union	2.2

Note: 1984 exports fob

IMPORT MARKETS

Country by Rank	Percent
1. Netherlands	12.2
2. France	10.6
3. Italy	7.9
4. Britain	7.7
5. United States	7.2
6. Benelux	6.6
7. Japan	4.2
8. Switzerland	3.6
9. Soviet Union	3.3
10. Austria	3.2

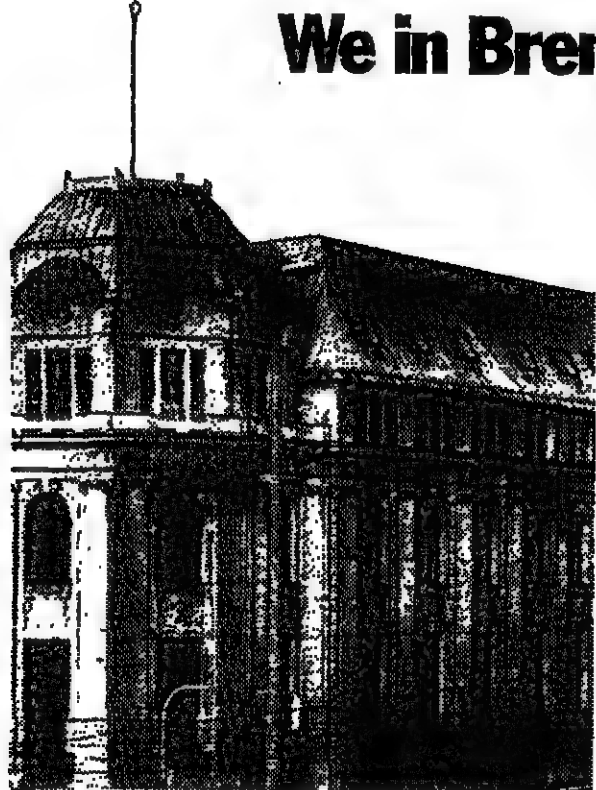
Note: 1984 imports cif

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obliges us to work unremittingly to solve the problems in these areas.

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Insurance Industry Is Rising To the Challenge of the Titans

MUNICH — The West German financial services battle has subsided — but other challenges to the predominantly Munich-based German insurance industry remain a threat.

For a while, two years ago, it looked as if the West German financial revolution would turn into a battle of the titans, pitting Deutsche Bank against Europe's largest insurance company, Allianz. German banks already have a wide range of services, taking deposits and lending, brokering and underwriting, acting as portfolio managers and stock-market specialists, and — usually through subsidiaries — writing mortgages.

One distinction remains between banks and insurance companies; each is closely supervised by separate government boards from West Berlin. But the regulators allowed Deutsche Bank to offer insurance plans under certain conditions (now copied by rival banks), thereby opening the door to competition against the monopoly of the insurance companies.

The result has been a compromise — perhaps not altogether surprising — given the nature of German corporate ownership. Another challenge to the monopoly, from foreign insurance companies, may be harder to brush off.

Deutsche Bank's 2-year-old project links savings plans with a life-insurance cover. The bank's motives, according to a former employee, were "need for new fund sources cheaper than what could be raised on bond or share or financial markets." German banks are hungry for funds to lend "because of demographics and the decline in the savings rate."

Because Allianz is the dominant insurer, Deutsche Bank's move, he said, "necessarily was perceived as a challenge to it." Yet, Deutsche Bank itself is the largest shareholder in Allianz with 7 percent, followed by the sister reinsurance group, Munich Re. Then, too, the largest bank and the leading insurer each hold major blocks in Beiersdorf, manufacturers of adhesive tapes and cosmetics. Shareholdings and cross-directorships between Deutsche Bank and Allianz or Munich Re include Thyssen and Hapag-Lloyd. Similar links bind other German insurance firms with other banks, and such ties are not only legal in West Germany, but also typical of the industrial structure.

Deutsche Bank actually opted to call in an insurance company to give advice on how to handle the

risk of its new savings vehicle. This was Berliner Lebensversicherungsgesellschaft, in which the leading shareholders turn out to be Allianz and Munich Re, with 47.16 percent of its shares each.

Deutsche Bank's initiative has been taken up by others — Commerzbank, Bayerische Vereinsbank and Hypo Bank, all savings banks, among others — which now are offering insurance-linked plans. But, nonetheless, a compromise has been reached, and not too surprisingly given the links between banks and insurance in Germany. For example, Allianz owns a 7-percent stake in Hypo Bank and a share of

Perhaps a more serious threat to the insurers, in the long term, is the challenge of the competition.

Privatbankiers Hauch, while another partnership bank, Sal. Oppenheim Jr. & Co., owns control of Colonia and Nord-Stern insurance companies.

According to one banker, the compromise stipulates that banks do not sell "insurance plans too aggressively but to use it as a defense, if the customer himself asks for an insurance-linked savings plan only." This enables all sides to avoid making too much of the major difference between a bank's insurance policy and one sold by an insurance company: taxes. The savings-linked plans do not offer the tax breaks that rich policyholders get through buying insurance to earn interest and defer income. But insurance companies are being cautious about stressing this advantage of buying insurance, for fear that Bonn tax-reformers will decide to take the privilege away.

Although Deutsche and Commerzbank, as well as the Bavarian banks, have introduced insurance-linked plans, Dresdner Bank does not intend to do so, its speaker, Wolfgang Röllner, said. "In contrast to several competitors, Dresdner Bank does not offer an insurance service," he said. "We are not convinced that there is lasting demand for insured savings plans. We have thoroughly considered the pros and

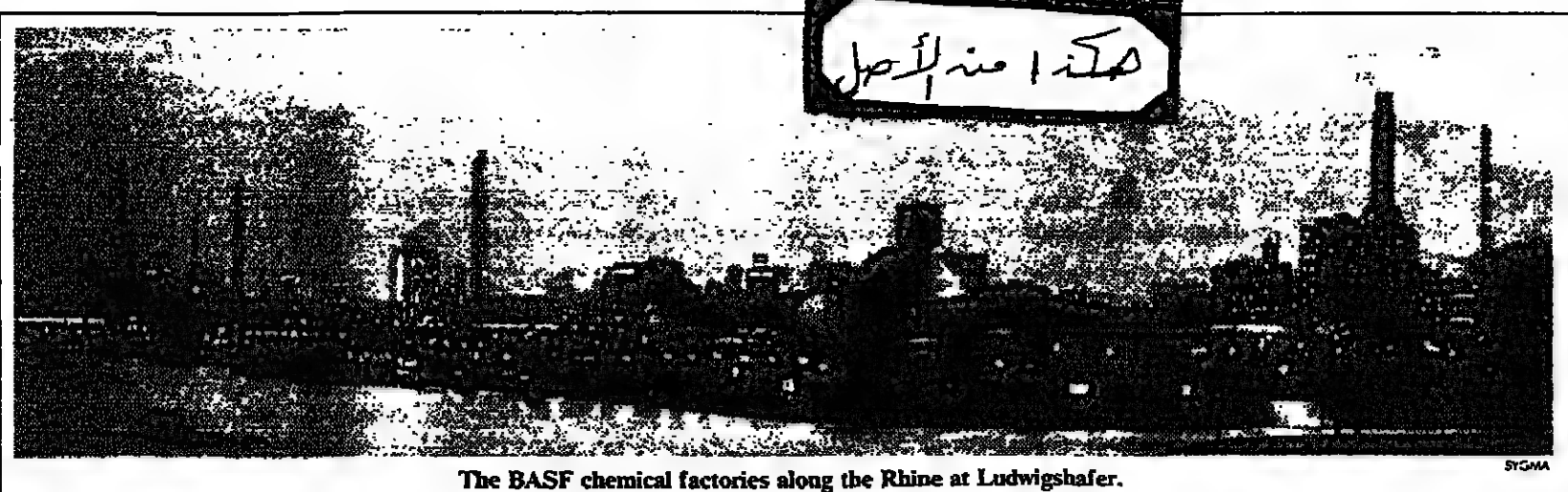
cons, especially in view of our traditionally close working relationship with almost all insurance companies." He adds, "Our business policy is based not on confrontation but on cooperation with insurance companies, following the tried and true division of labor between banking and insurance."

Perhaps a more serious threat to the insurers, in the long term, is the challenge of the competition. Within West Germany, the cartel office is seeking to increase the transparency and comparability of insurance plans, to enable policy-buyers to know to what they are subscribing. Banks like Bayerische Vereinsbank are stressing the simple, readable policy that they are offering, in contrast to what an insurance company ombudsman calls "policy Greek." The director of the cartel office, Siegfried Klauke, has called for better information and more innovative policies.

Meanwhile, in the European Court of Justice, the EC Commission has brought a case against insurance regulators in West Germany (as well as in France, Denmark and the Netherlands) who are keeping out foreign insurance firms, thereby violating the free-establishment rules of the Community. Georg Böhner, president of the Organization of German Insurers and head of the Württemberg Fire Insurance Co., said that German insurers favor liberalization "as long as protection of the customers is not harmonized downward to a lower 'Euro-level.'" Officials at Allianz, meanwhile, stress that some foreign insurance firms, through German subsidiaries (above all the Swiss companies), have managed to penetrate the German market.

The problem was brought to the European Commission's attention by British insurance groups, frustrated at being kept out of German and other markets by protecting regulations. What angered the British most was the Allianz attempt, subsequently defeated, to take control of Eagle Star, a British insurance company. Allianz's bid was defeated by a counterbid from British-American Tobacco, which yielded the German insurance firm what its press officer called "a 500-million-DM consolation prize." Part of it has been invested since then in Rionione Adriatica di Siccardia di Milan, but the Munich insurance group says that it still is seeking a major acquisition, possibly in the United States.

— VIVIAN LEWIS



The BASF chemical factories along the Rhine at Ludwigshafen.

Venture Capital Is Aiding High-Technology Firms

MUNICH — "German investors want double security — not just suspenders, but also a belt," according to Manfred Hegener, an entrepreneur in high technology.

Mr. Hegener is a partner in a Munich chess-computer firm, Hegener & Glaser, one of two electronics companies brought to the "telephone" stock market in 1984 by Portfolio Management, a new issues specialist. The "telephone" market functions as a kind of unregulated over-the-counter system, with no market maker, in the German share-trading establishment.

The other 1984 Portfolio Management new issue, BCT, launched in January, was seeking protection from its creditors by October. Since several other new issues in construction and brewing have also run into problems, the effect has been to cast a shadow on sound firms that Portfolio Management brought to market. And, as a result, the new-issue path for small high-tech companies has all but closed.

For a small firm to go public is somewhat unusual in West Germany. Bernd Ertl, manager of Portfolio Management and a former Bache broker, is generally praised for his courage, but many of his supporters feel he went in over his head, both in getting company books audited and in judging high technology. But Mr. Ertl plans to go on with new listings, which he feels is still the best way for young firms to get funding, and he has two issues in preparation.

"The last new-issue boom in Germany was in 1928," Mr. Ertl said. But "from 13,000 listed stocks in 1932, Germany today has only 2,000."

Having resisted the idea of new issues when Mr. Ertl's firm first launched them, the large West German banks now are imitating it — with a difference. In 1984, under

top banking auspices, new-share issues were offered for Nixdorf, Porsche, Bosch and Henkel. These are not traded on the "telephone" exchange but on the regular stock markets and, like the Portfolio Management new issues, they were vastly oversubscribed.

Some experts feel that venture funding for new technology companies should only come from the stock market at the end of a long nurturing process that has to be undertaken by people better able to take risks.

"Everybody always talks about venture capital, but few people understand it," said Eberhard Farber, a partner in an electronics firm, PCS. "The Portfolio Management business has done harm," he said, noting that his own firm has sought other forms of funding from private investors.

In fact, one adviser to start-up firms, Count Albrecht Matuschka, who has a large venture-capital investment pool of 116 million Deutsche marks (\$38.5 million), specifically rules out public shareholding at this stage. The TRV group (Treuhänder-Vermögensverwaltung) "does not allow any private individual accounts in German venture-capital investments." Instead, wealthy individuals, banks, insurance companies and foreign industrial companies and West German multinationals like Siemens provide the seed capital.

Another Munich-based consultant, Alfred Prommer, set up a firm three years ago precisely to bring together financing and entrepreneurs. Mr. Farber's firm, for example, got funding from Harald Quandt, who owns 25 percent of PCS and is heir to the BMW fortune, arranged by Mr. Prommer. Another German high-tech investor, also in Munich, is Helmut Rausch, a former Nixdorf execu-

tive, who has become a venture capitalist.

With shrewd investors, institutional funds, the occasional grant from the state or federal government and the emerging technology mutual funds, it may no longer be true that entrepreneurs have problems raising money in West Germany. (There is also the Economic Community's Esprit program, which provides funding for small or medium-sized high-tech firms.)

Mr. Farber estimates that 700 million Deutsche marks have been collected for investment, including 50 million from Citibank, but that only 20 million to 30 million at most have been invested to date.

The situation, in fact, has changed in the last two years. Werner Wolf of Electronic 2000, a successful Portfolio Management new issue, sought working capital in 1981 and was turned down by the banks. "Bayerische Vereinsbank actually sent us to Ertl," Mr. Wolf said.

The Munich-based bank subsequently has beefed up its commercial lending for technology, but Mr. Farber, who has received a loan from the bank, said: "There is still not much understanding of technology or how technological companies work. Banks are better with

a big house, with big machines."

Getting money from big companies is not always the answer, either. Helmut Kirschner, of the TRV group, described what happens: "Siemens will say, 'If this is so good, how come we didn't invent it ourselves?'"

Government venture-capital funds are often small, giving companies a maximum of 800,000 Deutsche marks to develop a new product or company. In Mr. Farber's view, it takes three to five times that amount to get into production and marketing.

So, despite the available funding, there is still no real comparison with high-tech financing on the California scale. Mr. Farber cites the case of PCS's archival, Sun of Palo Alto, California, to show the difference. Both firms had about \$10 million in turnover in 1983 and they expect to double that this year. But Sun got \$5 million in start-up capital and secondary bank financing of \$50 million. Then Kodak bought 7 percent of Sun for \$20 million, capitalizing the whole at four times this year's expected turnover.

"There is no possibility of getting that kind of money in Germany," Mr. Farber said.

Mr. Prommer attributed the dif-

ficulty to the attitude of the German investor. "He is more interested in tax write-offs, building houses or financing ships," he said. Count Matuschka agrees that tax laws and charges for social insurance hinder entrepreneurship. "If an investor subscribes to a life-insurance annuity, he can get a 6-percent return, tax free, in 12 years," he said. "If you are silly enough to start a firm and hire people, your margin may equal 2 percent and your tax rate will be 70 percent."

Firms like his and Mr. Prommer's actually help in corporate tax planning to reduce the bite from the very high basic corporate rate. "Big companies cut taxes by creating provisions, but small firms don't know how and can't afford tax advice," Mr. Prommer said.

Other consultancy services to start-up companies might cover foreign-exchange management, interest management and presenting the books. In addition, almost all start-up firms need marketing advice. Financing consultants, therefore, take on a broader role than merely putting up money; they can address problems that the new-issue method of Portfolio Management could not handle.

— VIVIAN LEWIS

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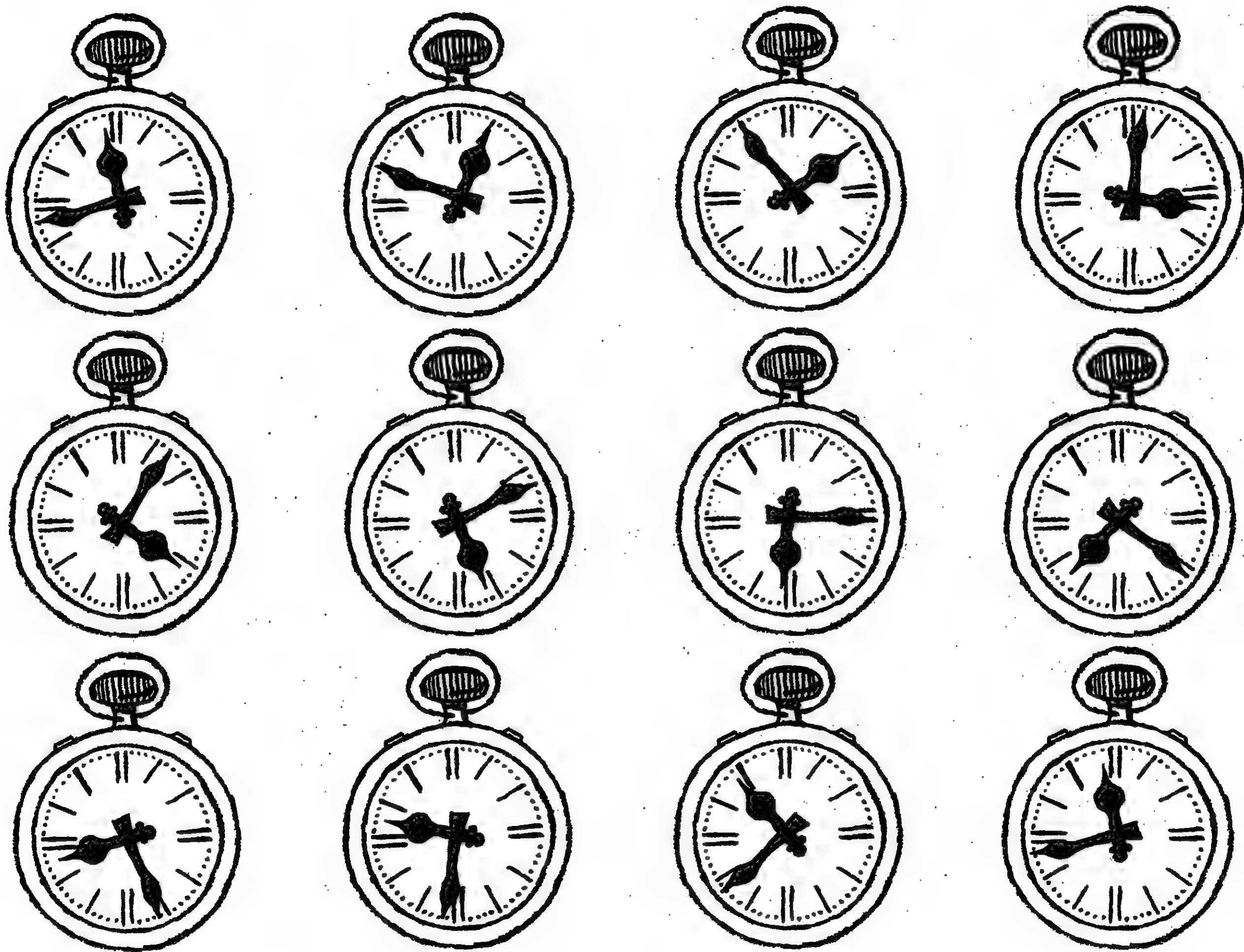
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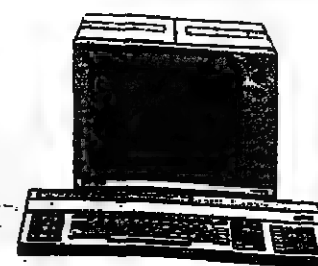
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NASDAQ National Market Prices

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(Continued on Page 21)

SPORTS

Hagler TKO Victor in 3-Round Bloodbath

Compiled by Our Staff From Dispatches

LAS VEGAS — Until Thomas Hearns fell, with the assistance of a smashing right to his face by Marvin Hagler, and was ruled the loser at 2:01 of the third round, hardly a second passed that one of the fighters wasn't landing a stunning blow.

But the last punch was the one that allowed Hagler to retain the undisputed middleweight championship of the world. And the last punch ended, at least temporarily, Hearns' dream of becoming the first boxer ever to win four world titles. He was hoping to add the middleweight championship to his junior middleweight and welterweight titles and then go on to the light-heavyweight class.

He will have to back up and try for No. 3 again, and he said later that he would.

The fight Monday night, held in an outdoor arena beside Caesars Palace and before a sellout crowd of 16,034, was a title bout that will have to go down in history as one of the fiercest ever, ranking with the great wars of Graziano-Zale, Dempsey-Firpo, or whomever else the boxing historians want to recall.

Earning a purse of at least \$5.6 million, Hagler improved his record to 21-2, with 51 knockouts. Hearns, who has won 40 bouts (34 by knockout), lost for only the 500th time. His other loss was to welterweight Sugar Ray Leonard in 1981.

From the opening bell, the action was nonstop. Seconds into the first round, Hearns rocked Hagler with an overhand right. Hagler responded by banging Hearns with a hard left in center ring. Hagler moved in. Hearns was punching furiously with his longer arms —

Hearns had a 78-inch (1.96-meter) reach to Hagler's 75 — but the left-handed champion slammed Hearns with a right to the jaw.

Although it was obvious that the compact Hagler was physically stronger and although the challenger was backpedaling, Hearns was punching, not running. And he stunned Hagler with a left to the jaw. Hearns moved back and Hagler again with another hard right to the head and followed with another left. Hagler kept penetrating, catching Hearns on the ropes and failing away.

A cut suddenly opened above Hagler's right eye.

Now Hearns tried to measure him for his powerful overhand right. But Hagler was able to move inside and throw lefts and rights to Hearns' head. Hagler's blood was smeared on Hearns' left shoulder as Hagler pulled him along the ropes. As the bell rang, Hagler threw a vicious left that staggered Hearns.

Hagler wasted no time in the second, opening with a left hook that bounced off Hearns' head. Hearns popped a right that reopened Hagler's cut. Retreating, Hearns tripped. He righted himself just in time to catch a lunging right to the jaw.

Hearns banded a couple of shots to Hagler's cut — and opened another, below the right eye. Hagler, undaunted, kept throwing punches with both hands; a straight right and a left hook staggered Hearns. They were back on the ropes, and blood covered Hagler's face. And that's where they remained, returning punch for punch as the round ended.

At the bell for the third round, Hagler moved out of his corner, but referee Richard Steele halted his

progress. The champion's face was still bleeding despite the doctoring by his corner men. Steele wanted an opinion by the ringside physician. Hagler was deemed able to continue.

Wild with a right, Hagler landed a left. Hearns slammed a series of long jabs toward Hagler's eye, but seemed to stagger at the energy loss from all his punching — compounded by the shots he had been absorbing.

The challenger suddenly looked tired.

The two clinched and Steele broke it up and checked Hagler's cut. The fighters continued. They were in center ring, and Hagler threw a solid right that caught Hearns on the chin. The challenger staggered to the ropes, and dropped to the canvas. He fell on

his side and then turned over on his back.

He raised himself slowly, holding onto the ropes, and was on his feet at the count of eight. Steele looked into Hearns' glassy eyes and waved that the fight was over.

"They always say, 'Even the greatest lose sometimes,'" said Hearns after the fight. "I'll just hold my head up. I know this is not the end for me. I'm a winner. I don't take defeat easily. But I have to give Marvin proper respect for being a great champion. He has not held the title that long for nothing."

Hearns explained why he shrugged it out with Hagler instead of trying to tie him up more. "I had to punch," he said. "It was there. Marvin started running in and I had to show him he had to respect

me. I wasn't going to have him make me run."

Said Hagler: "I have to admit it — Tommy gave me some good shots in the first round. He's a good fighter and a very courageous man. I can't take nothing away from the man — it takes two to tango and two to fight. But you can't come out and expect to take it away from the champ. Somebody had to fall, and I knew it wouldn't be me."

Unlike Hearns, Hagler is content to keep one title, and his ambition is simply to successfully defend it at least four more times, thus bettering by one the most title defenses by a middleweight champion. Carlos Monzon defended his crown 14 times.

"History," Hagler said shortly after his latest defense. "I was going for history." (NYT, WP)

Reds Hold On, Beat Braves, 9-8

The Associated Press

ATLANTA — Cincinnati's bats finally came out of hiding as the Reds pounded out 13 hits in a 9-8 victory over the Braves here Monday, but they almost let it get away when their defense collapsed in the ninth inning.

Nick Esasky and Dave Van Gorder provided much of the offense for the Reds, who had scored only six runs in four straight losses after an opening-day victory. Esasky hit the team's first home run of the season, a two-run shot in the fourth, and Van Gorder's two singles drove in three runs in Cincinnati's most productive game thus far.

The Braves rallied for three unearned runs in the ninth off relievers Carl Willis and Ted Power.

With two outs, Brad Komminsk reached on an error by third baseman Esasky. Dale Murphy followed with a run-scoring double, and Bob Horner then hit a ground-er that Dave Concepcion booted, allowing Murphy to score. A single

BASEBALL ROUNDUP

by Gerald Perry moved Horner to second and brought in Power. Rick Cerone's single made it 9-8, before Power struck out Glenn Hubbard. Cincinnati pounced. Pascual Perez for five runs in the first. Consecutive singles by Eric Davis, Pete Rose, Dave Parker and Cesar Ceno brought two runs home. Another scored when Ron Oester drew a bases-loaded walk before Van Gorder greeted reliever Craig McMurtry with a two-run single.

Pirates 4, Mets 1

In Pittsburgh, Bill Almon drove in two runs and Mike Candelaria combined with John Candelaria on a nine-inning tie to help the Pirates beat New York 4-1, and end the Mets' season-opening winning streak at five games.

Cubs 2, Phillies 1

In Chicago, Chris Speier's pinch-hit sacrifice fly in the eighth broke a 1-1 tie and lifted the Cubs past Philadelphia, 2-1.

Cardinals 6, Expos 1

In St. Louis, shortstop Ozzie Smith, who earlier in the day signed a four-year contract extension worth more than \$2 million a season, homered and singled to help the Cardinals win their home opener, 6-1, over Montreal. Bob Forsch scattered eight hits in his first complete game since not hitting the Expos on Sept. 26, 1983. Forsch missed half the 1984 season after undergoing back surgery.

Padres 3, Giants 3

In San Diego, Carmelo Martinez hit two homers — one of them a grand slam — to power the Padres to an 8-3 home-opener triumph over San Francisco. Padre first baseman Steve Garvey's record 193 consecutive errorless games ended in the ninth inning. Garvey charged in on a foul popfly by Bob Brenly and tried to make a basket catch, but the ball popped out of his glove.

Dodgers 5, Astros 3

In Los Angeles, rookie second baseman Mariano Duncan hit his



RBI leader Mike Davis
... Three homers in four days.

first major-league home run in the seventh, breaking a 3-3 tie and propelling the Dodgers to a 5-3 verdict over Houston.

A's 7, Mariners 4

In the American League, in Oakland, California, Mike Davis and Mike Heath hit homers to lead the A's to a 7-4 triumph over Seattle — the Mariners' first loss after six straight victories. His third homer in four days ran Davis' league-leading RBI total to 13. Trailing, 3-2, Oakland touched Mark Langston for two runs in the fourth. Heath led off by ripping a 3-2 pitch to right center; the ball rolled along the wall away from right fielder Al Cowens, and Heath had the first inside-the-park home run of his career. Davis followed by putting a 2-2 pitch into the right-field stands.

White Sox 6, Red Sox 5

In Boston, Julio Cruz's two-out, two-run single in the 11th broke a 4-4 tie and lifted Chicago past the Red Sox, 6-5. Ozzie Guillen led off the inning with a walk off Bob Stanley, and Greg Walker followed with a single off Stanley's glove. Walker went to second as Rudy Law bounced out. Cruz then singled to left.

Angels 5, Twins 0

In Minneapolis, Ruppert Jones and Jerry Narron each hit bases-empty home runs to pace California to a 5-0 victory that spoiled Minnesota's home opener.

SCOREBOARD

Baseball

Major League Standings

NATIONAL LEAGUE

East Division

West Division

AMERICAN LEAGUE

East Division

West Division

Golf

Statistical leaders on the Professional Golfers Association Tour through the Masters tournament:

EARNINGS

DRIVING DISTANCE

DRIVING PERCENTAGE IN FAIRWAY

GREENS IN REGULATION

AVERAGE PUTTS PER HOLE

PERCENTAGE OF SUB-PAR HOLES

BIRDSIES

Transition

Baseball

Basketball

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USFL Standings

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OBSERVER

No Beery Deeds, Please

By Russell Baker
NEW YORK — I'm the last person I know who doesn't have a VCR, but I get a lot of invitations from people who do. "Come on over and see 'Mr. Deeds Goes to Town,'" they say, and sometimes I accept, though never when they offer "Mr. Deeds Goes to Town."

This is a movie I saw when it was a first-run show, which was, oh, some time ago. I enjoyed it immensely. Since then I have not seen it again and will go to great lengths not to.

I have had too much painful experience revisiting movies that were wonderful years ago. If you want a wonderful movie of your childhood to be exposed as a colossal cultural disappointment, all you have to do is watch a VCR run it through a friend's television set.

Part of the trouble may be the television set's inescapable association with beer. The first television set I ever saw sat behind a bar in Baltimore while dazed professional wrestlers toiled at their fraudulent trade. For the longest time after that, television existed almost curiously as saloon furniture, so it was natural that when it moved into the parlor it should continue its traditional role as a beer-huckstering tool.

Another problem with VCR moviegoing when it comes to the classic flicks is the hostile ambience of the parlor auditorium. Recently some young people very dear to me offered to show the greatest movie ever made if I would but name it.

They are the sort of people who, when asked to name the greatest movie ever made, automatically say "Citizen Kane." I always said "Citizen Kane" myself in bygone days when I hoped to show the world it was dealing with a man of intellect, cultivation, artistic sensibility and good taste. Now that triumphant Reaganism has made vulgarly fashionable, however, I can answer frankly when asked to name the greatest movie ever made.

"Gunga Din," I said. "Get 'Gunga Din' from your movie supplier, and you shall share with me one of the sublime moviegoing moments of your life."

They got "Gunga Din," starring Victor McLaglen, Cary Grant and Douglas Fairbanks Jr., which was

made about a lifetime ago. What followed was a movie experience of utter horror, as we witnessed the destruction of the greatest movie ever made.

It began with us all sitting in comfortable chairs in an overlighted room instead of on sprung theater seats in a darkened cavern reeking of bubble gum and popcorn, for which all the truly great movies were designed.

That was handicapped enough, but what about the telephone that kept ringing at critical moments in the drama? And these people — my dear hosts! — kept answering the thing.

The worst moment came in the great scene in which Eduardo Ciani, wearing nothing but a few towels and a gallon of walnut stain on his face, exhorts his murderous thugs to kill, kill for the love of Kali. Here is one of the great scenes in cinema and as I prepared to savor it — yes, that was a telephone ringing, all right.

I could scarcely believe it when my host — a lovely young man, a young man very dear to me — said, "No way you're going to get me betting against Georgiou."

Eduardo Ciani was already launched into his great speech — "Kill! Kill!" — and drowning it out was this inane chatter about basketball games.

"Could you turn the sound down a little?" the young man asked. The two women present were delighted to do so. With a phone conversation in progress and Ciani crying out for mass murder all over India, it hadn't been easy for them to enjoy their discussion of scandalous doings by a famous star of television and gossip sheets.

I did not cry, though it seemed that I must once have been a silly child indeed, for what other kind could have admitted such an awful show? People have since told me that the whole point of VCRs is that you can watch dirty movies at home without anybody knowing about your vile tastes.

I don't want "Mr. Deeds Goes to Town" to be run through that kind of machine, thank you.

New York Times Service

Mercouri's Athens: EC Culture Capital

By Don A. Schanche
Los Angeles Times Service

ATHENS — Her tousled blond hair spills across her worry-lined brow, and the large eyes that once captivated moviegoers are rimmed by deepening blue circles that suggest near exhaustion.

But Melina Mercouri, movie star turned politician and member of the inner circle of Greece's Socialist government, is on top of the world at age 59, fending off what she sees as the electronic homogenization of European culture by American television.

"We are very concerned about our identity, and we're very much afraid of what will happen to it when satellite and cable TV spread everywhere," she said in the husky voice that drew raves in "Never on Sunday."

"We know the Americans will take over and dominate the television," she said, "so it was obvious that we Europeans had to do something."

So, as minister of culture in the government of Prime Minister Andreas Papandreu, Mercouri is sprucing up Athens for a six-month stint as the culture capital of Europe. Beginning June 21, art, drama, music, films and assorted entertainments and exhibitions from other member countries of the European Community will be appearing there.

The Mercouri-inspired counterattack against homogenization of the arts so captivated other European culture ministers and their governments that the idea of an annual movable culture feast has taken hold.

Next year the culture capital will be Florence; the year after that, probably Amsterdam. Many other cities are lining up for their turn, according to Mercouri's brother, Spiros, coordinator of the project in the Culture Ministry.

"Every year a different European capital to which we can send our writers and artists and performers," Melina Mercouri said with pride.

Despite its primary aim, defending Europe against pop trends from across the Atlantic, the program will not be entirely Continental, nor does it altogether dismiss elements of American

culture that long ago spread to Europe and beyond.

"We don't want a closed-door cultural life," Mercouri said.

She enthusiastically described some of the more than 100 major events that are expected to weave Greek spirits — and Greek tourist revenues — by the end of this year. They include summer performances of a yet-unknown play by Euripides in the beautifully preserved open-air theater at Delphi. This would not be unusual, but the cast — a troupe of Canadian Eskimos — must represent a milestone in the history of the theater.

Another cultural first will be the debut of a Soviet rock opera — cast and theme still to be announced — at the Veakio Theatre in Athens's port city, Piraeus, which Mercouri has represented in the Greek parliament since 1977. Still another event of distinctly non-European origin will be two nights of jazz with Miles Davis and the Lysabettus Theatre in early July. This is to be followed, a week later, by an all-European jazz festival.

Heavier contributions range from the Ibsen play "John Gabriel Borkman," directed by Ingmar Bergman, to Shakespeare's "Coriolanus," performed by Britain's National Theatre.

Medieval dancers, jugglers, sword-dancers and numbers will swirl the Roman Agora, and dozens of orchestras and ensembles will play at theaters and concert halls in and around the city. These offerings will include Leonard Bernstein conducting his Third Symphony with the European Community Youth Orchestra, and a performance by the Washington-based National Symphony, conducted by Mstislav Rostropovich.

"It has become almost a cultural Olympics, a competition to send the very best," said Michael Coutouzis, a foreign affairs adviser who, like most employees of the Culture Ministry (including Mercouri's husband, the film director Jules Dassin), is devoting almost full time to the program.

"We need an institution to draw together the multiplicity of European cultures and to show their unity, and now we have it." A welcome side effect of the



Melina Mercouri: Athens project is all-consuming.

event, Coutouzis said, will be to draw European politicians together to do something besides argue over EC agricultural policy. Most leaders, including President Francois Mitterrand of France, Chancellor Helmut Kohl of West Germany and Prime Minister Bettino Craxi of Italy, are expected to join Papandreu for the opening ceremonies.

Mercouri was raised in the household of her grandfather, who was mayor of Athens for 30 years. The former Greek military government stripped her of her citizenship in 1967 because of her opposition activities, and she lived in exile until the junta fell in 1974.

She and her colleagues in the ministry bought a theater complex in downtown Athens, expanded the city's art museums, created a model traditional Greek port near the airport, converted three old rock quarries into outdoor theaters and turned factory warehouses into theaters and a huge old pier in Piraeus into a restaurant/arts center.

"It's been a lot of work," Spiros Mercouri said. The cost to Greece so far has

not been great, he said — about \$5 million, which the Greek National Tourist Organization considers a bargain in view of the number of visitors the project is expected to draw.

"Demand for beds is already fantastic," said Nikos V. Skoulas, secretary-general of the organization. "We will have at least a 12-percent gain this year over the 6 million visitors we had last year. It's perfect, because the essence of our tourism always has been cultural."

But costs will rise as the summer progresses: Greece has promised free hospitality to the thousands of artists, writers and performers who will be coming to Athens to take part.

Asked how many participants there would be and what arrangements had been made to house, feed and transport them, Spiros Mercouri seemed surprised.

"To tell the truth, I don't know, but I'm glad you mentioned that," he said, frowning. "It's something we haven't thought about yet, and your question reminds me that we'd better get busy."

PEOPLE
Voyage for the Heart

An adventure-seeking former heart patient, sailing around the world to raise money for heart research at Papworth Children's Hospital in London, tied up Tuesday in Perth, Australia, after battling adverse winds and a falling motor in a 61-day solo trip from South Africa. James Hatfield, 29, began his voyage in Penzance, Cornwall, in a toy-laden 24-foot (7.3-meter) yacht called British Heart. He said he had been seeking adventure ever since he walked out of a hospital 10 years ago after his eighth heart operation. He found it on this voyage. "In the South Atlantic I hit a floating container which had been blown off a ship in a storm," he said. "The impact cracked the deck, mast and bowsprit, smashed the rudder and tipped a saucer of boiling water over my legs. It took me two months to reach Brazil for repairs, steering the boat by the sails." He said he planned to spend two weeks in Perth, then sail up eastern Australia before heading across the Tasman Sea to New Zealand.

Warren Beatty has won a decision that will require the ABC television network to run all 200 minutes of Beatty's award-winning 1981 film, "Reds," later this month. To avoid conflicts with local news programs, ABC had contracted with Paramount Pictures to show a version of the film with about 12 minutes cut. Beatty, who directed and starred in "Reds," tried to persuade the network to run his original version, then took the battle to arbitration. The arbitrator, Edward Mosk, an entertainment attorney, ruled that Beatty had the right to the final cut. Beatty's attorney, Bart Fields, said: "He concedes they have the right to cut the picture for censorship reasons, but that is not the issue here. His position was you can't cut movies like sausages to fit preconceived time slots." Fields said Beatty would have significantly altered the movie. "This was a battle for all directors," Fields said. "Only a handful of movies have ever cut into news time, including another Beatty film, 'Heaven Can Wait.'"

Hans A. Bethe, a winner of the Nobel Prize in physics, has been

named the winner of the Vannevar Bush Award from the National Science Foundation. Bethe, professor emeritus at Cornell University in Ithaca, New York, would receive a medal and citation May 15. Bethe received the Nobel Prize in 1967 for work in the 1930s on the origin of stellar energy and was a key figure in developing the atomic bomb.

Ten men in nuxeteds drained five bottles of French champagne by a little-known memorial along the Potomac River in Washington to remember the passengers who went down with the Titanic 73 years ago. "To those brave men," the Men's Titanic Society toasted. George Light, a member of the Men's Titanic Society, said: "Men have given their lives on ships before and they will again, but perhaps never again will men give their lives with such style and class as those brave men." The monument, a marble statue of a man with arms outstretched, symbolizes the sacrifice of those who died when the ship sank after striking an iceberg on its maiden voyage in 1912. Because of the "women and children first" tradition, most of the more than 1,500 victims were men.

A hot-air balloon bearing the colors of France and the United States was launched Tuesday beside the Eiffel Tower to signal the start of a campaign to raise \$5 million in France for a new torch for the Statue of Liberty. The statue in New York Harbor, by the French sculptor Frederic Auguste Bartholdi, is undergoing renovations expected to cost about \$50 million by the target date for completion, July 4, 1986.

Imelda Marcos has made her debut as a singer and songwriter, the Bulletin Today newspaper reported in Manila. It said she sang a song called "Forever," and dedicated it to her husband, President Ferdinand E. Marcos of the Philippines, at a state luncheon that Marcos gave for the secretary-general of the Muslim World League, Abdullab Omar Nasseef. Palace sources said Mrs. Marcos, who studied music in college, wrote the first draft of the song last month on her way to the funeral of the Soviet leader, Konstantin U. Chernenko.

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